

AGRiP Inclusion Residency & Resources

Inclusion foresight resources provide the tools public entity pools and their members need to respond to the myriad of social dynamics surfacing within communities.

Emerging equity and inclusion perspectives will influence future public entity needs, claims, staffing and board compositions. Inclusion foresight materials can help pools be prepared with innovative risk management solutions and develop a culture of goodwill that embraces diversity in hiring and board service.

Throughout 2019, Dr. Robin Hindsman Stacia delivered conference content, a pool-specific inclusion toolkit, a short video series on inclusion as good governance, coaching on inclusion issues, and an issue of [*Intelligence*](#).

[Elevating Pool Governance Through Inclusivity: Defining Inclusivity](#)

This first video in a series from AGRiP Inclusion Resident Dr. Robin Hindsman Stacia introduces you and your governing body to governance inclusivity.

[Inclusive Leadership Training for Pools Workbook](#)

- Understand the concepts, science and practices of inclusivity.
- Become more self-aware and better able to use cognitive and demographic diversity to support your pool.
- Respect the benefits that inclusion brings to a pool.
- Explore governance strategies and tools that will support increased inclusion.
- Create an inclusivity plan that will address your pool's unique considerations.

[Webinar Series: Elevating Board Performance](#)

A two-part webinar series designed to help attendees understand and apply inclusive governance practices. The first session anchors attendees to the definitions and science behind inclusivity. The second session grounds attendees in key actions and steps to take to enhance board governance. This series is a good starting point for pool leaders and staff looking to utilize governance inclusivity.

[Intelligence: Elevating Pool Governance Through Inclusivity](#)

Understanding and implementing measures to address cognitive and demographic diversity on a pool governing body can improve decisions and overall performance. In this issue of *Intelligence*, Dr. Stacia introduces governance inclusivity concepts and provides implementation ideas for pools.

[Board Composition and Recruitment: Why?](#)

Delivered at the [2019 Governance & Leadership Conference](#), this presentation was designed to help pool executives and governing boards understand how multitudes of perspectives will impact pool governing body composition and decision-making, underlying public entity functions and claims, and pool staffing.

[Board Composition and Recruitment: How?](#)

Delivered at the [2019 Governance & Leadership Conference](#), this presentation urged pool executives and boards to consider why it is important to bring a diversity of thoughts and perspectives to a governing body and to learn about methods and tools that can help build a team that will deliver innovation and results.

Additional information about [Inclusion Residency & Resources](#) is available on the AGRiP website.



Intelligence

An AGRiP Publication

ASSOCIATION OF GOVERNMENTAL RISK POOLS

Elevating pool governance through inclusivity

By Dr. Robin Stacia
AGRiP Inclusion Resident

When you serve on the governing body of a pool, you are doing incredibly important work.

Your guidance and efforts shape public entity operations, impact thousands of local public entity employees and their families, influence public policy, and make a difference in local communities and schools.

You provide leadership to the organization on behalf of all members and you serve as a trusted steward for the pool's mission and member promise.

Your work is valued. Other members of the board, the pool's staff and business partners, and the public entity members you serve appreciate the effort and talent you put forward.

Serving on a pool governing body is professionally challenging — in a good way. You must possess and demonstrate technical knowledge in complex areas and strong teamwork skills. You have to understand actuarial reports, weigh in on new coverage language, and articulate a common vision for your pool's future.

You must also develop and execute a governance strategy that works effectively for your pool. Pool governance might seem less daunting than the annual actuarial review, but do not mistake it for simple.

- Members of the governing body are both responsible for and participants in the pool.
- Some pools are public entities and follow public meeting and disclosure requirements.

“Governance best practices are not ambiguous concepts dependent upon governing body size, structure, or mission.”

High performing boards understand that focusing on governance is critical to their effectiveness. Best practice research defines four broad categories of governance practices:

- People:** The governing body's composition and structure.
- Culture:** Leadership culture and dynamics at the board level.
- Work:** The governing body's specific responsibilities.
- Impact:** The board's impact on organizational performance.

Recommended resources on good governance:

- [BoardSource Leading with Intent - 2017](#)
- [Independent Sector: Principles for Good Governance and Ethical Practice](#)
- [Stanford Business: 2015 Survey of Nonprofit Boards and Organizations](#)
- [Webinar: The Next Step: Moving to Generative Governance](#)
- [Webinar: Just-In-Time Pool Board Orientation](#)

New governing body members can also learn the fundamental principles of public entity pooling through AGRiP's [Pooling Basics 2.0](#).

- Election and appointment practices for the governing body might combine typical public sector processes with those more common in non-profits or association environments. Most pools require the governing body primarily consist of member entity representatives.
- Some pool governing bodies make extensive use of subcommittees with delegated authorities, while others conduct all governance functions directly at the board level.
- Governance responsibilities of a board (or its committees) can differ significantly from one pool to the next. For instance, in some cases the governing body may have a role in settlement decisions or claim approvals.
- Pool boards are typically comprised of public entity experts, who understand the operations for which the pool provides coverage and risk management.
- A pool governing body may be less likely to have expertise in operational business functions the public entity pool conducts.
- The need for and application of term limits might be applied uniquely for a public entity pool's governing body.

As a result of these and other variations, the meeting demands and associated workload of one pool's governing body might look quite different from another's. No matter the differences, though, success for any governing body is measured by its ability to meet the highest standards of performance based upon best practices in governance roles and responsibilities.

Governance practices are not ambiguous concepts dependent upon governing body size, structure, or mission. There is plenty of research and a clear road map for how boards can meet and exceed governance expectations.

Building as much cognitive and demographic diversity as possible within the governing body is key. I'll refer to this as "governance inclusivity."

The impact of governance inclusivity

Governance inclusivity is achieved by prioritizing varied and diverse inputs from people whose contributions come from a broad set of experiences and perspectives. Such perspectives inform discussions and improve decisions of any governing body, including those of a public entity risk pool.

In January 2018, [Deloitte Review](#) authors Juliette Bourke and Bernadette Dillon found that high performing teams are both cognitively and demographically diverse.¹ Organizations and boards who pursue diverse and inclusive cultures are:

- Twice as likely to reach financial goals
- Three times more likely to be high-performing
- Six times more likely to be innovative and agile
- Eight times more likely to achieve desired business outcomes

In addition to improving these key performance indicators, there is also a personal impact from governance inclusivity. Members of governing bodies operating with inclusivity report feeling more inspired and confident. They also feel a sense of cultural understanding for equity and respect.



¹ Bourke and Dillon, "The diversity and inclusion revolution: Eight powerful truths" Deloitte Review, Issue 22 (2018) pp.82-95

Governance inclusivity creates a culture of inquiry and generative capacity where boards engage in creative and deliberative thinking that enhances overall performance.

Those same benefits roll through the governing body into the staff setting. Team members in inclusive environments report increased feelings of fairness, respect, values, and a sense of belonging. There is also reported improvement in team performance, collaboration, and decision-making quality.

Inclusive governance will help your pool generate ideas for enhanced risk management, data analysis, expansion of coverage, or growth opportunities. Governance inclusivity is needed to assure pool performance at the highest level to meet member expectations.

Defining governance inclusivity

Inclusive governance seeks two important elements: cognitive diversity and demographic diversity.



Cognitive diversity maximizes the value and contributions each person can bring to a decision.

Deloitte's research found that solving a complex problem often requires six mental frames or approaches: evidence, options, outcomes, people, process, and risk. Because no person or profession is equally good in all six, governing bodies (and work teams) therefore need cognitively diverse inputs to be fully effective.

On nonprofit and corporate boards, cognitive diversity can result from intentional selection of people with diverse professional and educational backgrounds, personal styles, and functional capabilities.

Cognitive diversity goals can be more challenging in a public entity pool environment, where governing bodies are typically comprised from member representatives who hail from similar public entities and perform similar roles. Pool governing bodies will have to work with particular focus and diligence to achieve the highest possible levels of cognitive diversity within a relatively narrow environment.

Mental frames needed for complex problems

Evidence: Ability to see, understand, and interpret information from multiple perspectives.

Options: An open mindset and the ability to be innovative both within and outside of typical boundaries.

Outcomes: Preference for discovering and identifying various pathways to achieve outcomes and even redefining the desired outcomes at times.

People: Ability to override group think, stereotypes, and similarity bias.

Process: Focus on collaboration, curiosity, adaptability, and openness.

Risk: Effective modulation of risk and reward.

Demographic diversity is a unique determination for each governing body based upon its mission, member or user dynamics, local geography, social construct, and more.



A governing body that is too demographically homogeneous may not be prepared to deal effectively with problems or issues due to inherent blind spots. All of us are affected by blind spots, or the tendency to favor others who are most like us in thoughts and practices. In a team or board setting, [the impact of blind spots](#) can be magnified.

Demographic diversity on a governing body will not guarantee perfect outcomes, but it will reduce natural blind spots and improve decision-making performance.

Think of demographic diversity as building a board environment that includes a range of nationality, ethnic, racial, age, gender, class, and other social characteristics of individuals. Demographic diversity improves open-mindedness, curiosity, acceptance, and responsiveness, which can ultimately facilitate more comprehensive understanding and improved collaboration.

Data in a [2017 Leading with Intent report](#) by BoardSource shows nonprofit boards and organizational



DEMOGRAPHIC PROFILE OF BOARDS AND EXECUTIVES

Race & Ethnicity	Chief Executive	Board Chair	Board Member
Caucasian	90%	90%	84%
African American/Black	4%	5%	8%
Asian	2%	2%	3%
American Indian or Alaska Native	< 1%	1%	1%
Native Hawaiian or Pacific Islander	< 1%	< 1%	< 1%
Two or more races	2%	1%	1%
Other	2%	1%	3%
Hispanic or Latino of any race	3%	3%	5%
Not Hispanic or Latino	97%	97%	95%

Gender	Chief Executive	Board Chair	Board Member
Male	28%	58%	52%
Female	72%	42%	48%
Other	0%	< 1%	< 1%

Age	Chief Executive	Board Chair	Board Member
65 or older	13%	29%	16%
50 to 64	56%	43%	41%
40 to 49	20%	17%	26%
Under 40	11%	11%	17%

BoardSource, Leading with Intent: 2017 National Index of Nonprofit Board Practices, Washington, D.C.: BoardSource, 2017, p. 10.

leaders are less demographically diverse than ever. A pool's governance policies and practices might constrain its ability to build demographic diversity on the governing body, leading to similar outcomes.

Creating a demographically diverse governing body in the public entity pooling environment can be challenging because of a very focused purpose and membership. It's therefore important for a pool board to make explicit commitment to build toward whatever level of demographic diversity it can achieve.

Barriers and challenges to achieving inclusive governance in pools

The very nature of public entity pooling makes governance inclusivity difficult.

In 2017, I interviewed several pool executives and governing body members, and reviewed pool data to determine typical board composition. Findings were confirmed through pool participation at four AGRiP conference sessions I conducted in 2017 and 2018.

While not scientifically validated data, many pools will

find these results to be familiar.

Cognitive diversity challenges

- Most members of pool governing bodies are career public servants (elected or appointed) and see issues through that unique lens.
- There is often significant homogeneity by functional role, as most members of the governing body are city or county managers, school administrators, finance directors, etc.
- It's unusual to find a pool governing body that reflects back the totality of functions and public employees it ultimately covers. There aren't many pools with law enforcement, public works, teaching, or transit operations expertise on the board.
- Only one pool reported using a cognitive assessment tool to help highlight preferences and differences among members of its governing body.

Demographic diversity challenges

- Pools are by nature geographically constrained. Many report attempting a balance on the gov-

erning body of large and small, as well as urban and rural, public entity members.

- Some pools report challenges because of a lack of available racial, gender, and other social diversity within their membership.
- New, younger public entity employees or elected officials are unlikely to seek out a position on the pool governing body early in their tenure. Pool boards are often seen as a good fit for more experienced voices.
- All pools reported a governing body comprised mostly of white males. Some pools reported one or two women on the board, and only one pool reported having board members who identified as LGBTQ.

Governance barriers

- Longevity goals exist to help board members achieve comprehensive understanding of pool operations.
- Governing body members who have been around a long time feel invested and committed, which is good. But this also means they tend to stay on the pool board until retirement (sometimes longer) so there's little opportunity for fresh perspective.
- Many governing bodies and pool executives have worked together for years and feel comfortable. As a result, they fail to challenge the status quo or seek new strategies.
- Pool board meetings are usually held during the day, so some potential board candidates might feel unable to fulfill normal work and pool governance duties. However, evening meetings could present a barrier because of personal obligations and downtime.

Board revitalization is an important aspect of inclusive governance that can overcome many of the identified barriers. Typically, revitalization is achieved through adoption of terms and term limits. But limiting terms can present other difficulties for a pool governing body, where board members learn complex concepts

over time and may place high value on longevity.

It's natural for a pool governing body to feel limited by these very logical constraints on cognitive and demographic diversity. Even so, there are incremental methods a pool can use to build governance inclusivity.

How to build more inclusive governance

You are the expert in how your pool's current governance could become more cognitively and demographically diverse.

One strategy is to identify pipelines which cultivate demographically diverse board candidates.

A pipeline allows you to identify future board members from among your broader membership and can serve as an important introduction to the culture within your pool. At its most basic level, the goal of a pipeline is to get more people directly involved in your pool's activities and processes.

The most common method to build a pipeline is to create committees or workgroups. Committees can bring new voices to the table. You do not need to delegate specific authority to a committee, nor do committees need to be ongoing.

Consider a specific issue or topic where your governing body could use fresh perspective, and ask a group of diverse stakeholders to meet and share ideas. Over time, these individuals may seek a governance role because they have become connected to the pool's purpose and programs.

Another method to build a board pipeline is to proactively invite people from within your membership to your board meetings. Holding an open meeting is good, but inviting someone to attend is an active step towards bringing forward diverse thought.

You can also build governance inclusivity by developing and using a board composition matrix. A composition matrix helps identify opportunities for cognitive diversity on the governing body, and can further inform board recruitment efforts.

Mental frames to consider in a board composition matrix

List and prioritize different mental frames, areas of functional expertise, and professional skills that might be useful inputs for your pool.



Constructing and using a composition matrix is simple in terms of process, although it will require strategic discussions.

- List and prioritize different mental frames, areas of functional expertise, and professional skills that might be useful inputs for your pool.
- Assess your current pool governing body against these attributes and competencies, and identify gaps.
- Determine a recruitment strategy that will allow your pool to cultivate future board members who will help address the most important gap areas.

In addition to building a pipeline and using a board composition matrix, there are a number of other ideas pools can use to build demographic and cognitive diversity.

① Engage the governing body to complete cognitive governance assessments. Learn how board members think and naturally engage in teamwork and problem solving, so you can identify areas of strength as well as weak spots.

② Create structured time for board discussions about inclusive governance. Embed inclusive governance concepts into board orientations, leadership training, and strategic planning.

③ Expand governance inputs with guest speakers and outside voices at board meetings and strategic planning events.

④ Every year, find a pool in another state and conduct a “meeting exchange.” Send your pool board chair and executive to one of their meetings, and invite them to one of yours.

⑤ Identify other governing bodies that aren’t pools or public entities and ask to attend one of their meetings. To appreciate all the possibilities of governance inclusion, you need to gather examples and experiences outside your normal realm.

⑥ Update bylaws or other governance documents to reflect governing body composition and recruitment strategies. You can’t commit to finding a certain board member, but you can commit to governance practices designed to build demographic and cognitive diversity.

- ⑦ Identify stakeholders in your pool's environment who might be perceived as coming from a very different world view (e.g. union representatives, work comp claimants, doctors, regulators, or plaintiff attorneys). Create a bridge to begin conversations so you can hear their perceptions and suggestions.
- ⑧ Create governing body leadership development and mentorship programs. Pair more seasoned board members with younger people from within your member entities and begin allowing those newcomers to shadow board meetings.
- ⑨ Identify metrics that hold the pool governing body accountable to achieving inclusive governance. Set a date by which you want to develop a board recruitment strategy, or a goal for the number of demographically diverse nominees you'd like

to achieve in your next election cycle.

Regardless of the approach you take to build more inclusive governance, you have to be willing to make an expressed commitment to cognitive and demographic diversity goals.

Like many other pool-specific policies and practices, each board must determine its unique approach to inclusive governance. This will take concerted time and effort, but will be of great benefit.

Not only will you build demographic and cognitive diversity into your pool's future, but you will also increase the engagement level and improve performance of the pool's current governing body. In this way, you will be fulfilling your stewardship role on behalf of the pool and its members.

About the Author

This issue of *Intelligence* is an overview of cognitive and demographic diversity as important components of governance inclusion. Dr. Robin Stacia will provide governance inclusion webinars, videos and additional materials throughout 2019.



Dr. Robin Hindsman Stacia is the 2019 AGRiP Inclusion Resident. She is the CEO and Principal Consultant of Sage Consulting Network, Inc., a Senior Governance Consultant with BoardSource, and a Licensed Consultant for the Standards for Excellence® an Ethics and Accountability Code for the Nonprofit Sector.

Dr. Stacia's experience spans 20 years in which she has worked in partnership with nonprofit, philanthropic, faith-based, and governmental organizations focusing on strengthening boards and organizational performance. Robin specializes in customized consulting, training, and coaching. Her areas of expertise include board and executive leadership, governance assessment and transformation, diversity, equity and inclusion, organizational assessments, cohort and collaborative capacity building, and succession planning.

Dr. Stacia received a Doctorate in Clinical Psychology from Wright State University in Ohio. Dr. Stacia currently serves on the Board of Directors of the Society of Psychologists in Management.

The Association of Governmental Risk Pools (AGRiP) energizes the power of pooling, making member organizations more effective, collaborative, and informed. AGRiP represents and connects all pooling organizations while providing education and resources to its members. AGRiP brings the brightest minds and ideas together to help make pooling successful.