

2nd Annual International Young Governors' Summit: Accessing Governance to Drive Change
Minneapolis, USA • June 19th – 21st, 2014

POST SUMMIT REPORT

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Introduction

The **International Young Governors' Summit (IYGS)** is an independent, cross-disciplinary forum for young people to come together to discuss a variety of perspectives in corporate and non-profit governance and Board effectiveness. At the 2nd Annual International Young Governors' Summit held in Minneapolis from June 19th-21st, 2014, young leaders from around the world discussed and debated some of the most pressing questions in relation to the future of governance best practices and reforms. This event was supported by the **International Policy Governance Association (IPGA)** whose members are keen to hear what the next generation thinks about governance issues today.

With sixteen participants from Canada, USA, England and Pakistan, the 2014 attendees worked closely to share valuable knowledge on current best practices in governance, to discuss theoretical questions on how governance can be improved, and to create a core set of conclusions. Participants also were offered an orientation on the principles of 'Policy Governance' to give us a common ground to start off our thinking and evaluations of the variety of different approaches to the roles and responsibilities of a Board.

Each year, IYGS participants aim to contribute our views to current national and international debates on governance. This international perspective allows us to learn together across sectors and industries to improve governance, and therefore accountability, effectiveness and results for organisations around the world. This report will outline our discussions and conclusions from the 2014 International Young Governors' Summit. We would love to discuss our ideas with you so let us know your thoughts through Twitter [@YoungGovSummit](https://twitter.com/YoungGovSummit) or by email to the Coordination Committee at iygscoordination@gmail.com.

To view the programme from the IYGS 2014, click [here](#).

What do we mean by 'Governance' and 'Young Governor'?

Governance: We understand governance as a process that takes place in organizations of all kinds, and as a separate process to management. Governance **links** the owners of an organization with the managers, by holding them to account and setting the parameters and expectations by which organizational goals are achieved. The importance of getting governance right is paramount and it relies on effective people and sound processes. Good governance ensures that organisations achieve their purposes efficiently and accountably. This has implications in the corporate sector, where suppliers of capital assure themselves of a return on their investments and proper accountability to all stakeholders; in a democratic government, good governance enables citizens to ensure that the nation's resources and structures work for them all; in a charity or non-profit organization, good governance ensures that people who care about certain beneficiaries receiving certain benefits have their aims achieved.

Young Governor: The term 'young governor' is used in attempt to encompass all young people who are interested in governance or involved in governance in a wide variety of possible ways. This could be, for example, by being on a Board or council, working as a Board secretary, working in a consultancy, being a researcher in the governance field, or simply being interested in learning more about what goes on at the Board level in their organization.

Governance, Growth and Entrepreneurship

One of our first sessions at IYGS 2014 'Governance, Growth and Entrepreneurship' addressed governance in the context of entrepreneurship and at different life stages of an organization. **Terri Krivosha, from Maslon Edelman Borman & Brand, LLP** gave in-depth information on how to set up a Board when you are starting a company. Even before companies are legally required to appoint a Board of Directors, many young businesses choose to set up an 'Advisory Board'. There are a wide variety of complex considerations an entrepreneur must take into consideration in this process, including offering shares or stock options to directors, being clear about advice versus authority, separating CEO and Chairman roles, and much more.

Jennifer Kramm from MAP for Non-Profits addressed this same process in the non-profit context and took the group through the 'Life Stages' of a non-profit. Being aware of life stages is particularly important during transition periods where it is helpful for the Board to understand how the organization is evolving and how the governance and strategy may need to adapt. The model that MAP for Non-profits uses to describe these stages are:

1. Imagine & Inspire
2. Found & frame
3. Ground & grow
4. Produce & sustain
5. Review & renew
6. Decline & dissolve

It was helpful for participants to use this model to think about where their organizations might be within these stages and what considerations are most important at each stage.

It is useful to understand the roots of governance, and how from the very beginnings of an organization, certain structures and practices are put in place which will then influence the future of the organization. This highlights how important it is to carefully consider which practices become engrained from early on and be sure to always assess whether the structures in place are still beneficial to the organization as it grows.

Sustainability and Stakeholder Engagement

A key area of discussion in recent years in governance has been around stakeholders and sustainability. In the corporate sector, shareholders have historically been thought of as the sole ownership of a corporation and the Board's role is to protect their interests. However, more recently, the term 'stakeholder' has come into wide use to acknowledge the larger groups of people who also have a stake in the organization in myriad other ways (e.g. employees, community members, customers etc...) This also raises the question of the environment as the entire global community has an interest in protecting it and therefore, through stakeholder theory (NOT SURE WHAT STAKEHOLDER THEORY IS), this is something that corporations and boards must take account of.

We heard from **Ellen Silva, Sustainability Manager for General Mills**. She provided great insights into General Mills' strategy on sustainability and emphasised that they are able to prioritize sustainability in everything they do, as they see sustainable decisions as also being profitable decisions for shareholders in the long term. This 'business case' for sustainability argues that being sustainable is good for business. Of course, in the short term, making decisions that protect the environment can sometimes be less cost-effective so there needs to be a rationalization to justify those decisions to shareholders. An interesting question arose: Is the best way to improve sustainability through governance actually the *education* of owners and stakeholders of the benefits of sustainability? A shift in the attitudes of owners could actually result in shareholders being the first to voice their interest in protecting the environment to the Board, rather than the Board trying to justify sustainability to the owners.

Diversity and Ethics

As a Summit for young people interested and involved in governance, 'diversity' is always a key theme in our discussions. Young people tend to be under-represented on boards. In 2012 it was found that the average age of US corporate board directors is 68 (source: <http://blogs.law.harvard.edu/corpgov/2013/09/09/taking-a-fresh-look-at-board-composition/>). Bringing in younger directors has the potential to improve governance through broader perspectives. A variety of perspectives is often welcomed to improve decision making. It is also an ethical issue, especially as being a Director is a leadership role, as to how we make opportunities available to people of all ages, backgrounds, genders, and ethnicities.

However, during the 2014 Summit we tried to take this 'ethical' discussion one step further and work out how diversity on Boards actually works in practice. A key question raised was 'can the pursuit of diversity ever become unethical?'. We discussed a case, which has been the experience of many attendees, where a director had been selected for a Board, but had then been asked to speak on behalf of their entire ethnic community as a representative voice. This puts the director in a

difficult and possibly unethical position of trying to amalgamate the views of a large group of people into a generalized position. Was this the intention of the call for diversity on Boards? We suggest that Boards should not recruit for diversity with this agenda in mind. Rather, every Board member is there for the same reason, to make decisions as a group on behalf of their entire ownership. Diversity is thought to help with decision making although even this can be debated because even a very diverse board can still be vulnerable to 'group think'. Despite our often heated discussions, we all agreed that it is important that key leadership positions in our society such as directorships are not the sole domain of a privileged few, but that the opportunities exist for everyone.

Conclusions

'The need for governance exists anytime a group of people come together to accomplish an end' (The Institute on Governance). This report has covered a few areas of discussion and debate around the challenges that Boards and governing bodies face in the pursuit of good governance. These are complicated issues and there are no clear answers, however throughout the **2nd Annual International Young Governors' Summit** participants and speakers engaged in fruitful discussions which had everyone involved thinking about progressive ideas and solutions to common governance issues. We hope that you gained some food for thought from this report and look forward to engaging as a community in continued progress and discussion on innovative thinking in the field of governance!

IYGS 2015 Vancouver

Join us from June 18-20, 2015 in Vancouver, Canada at the Renaissance Vancouver Harbourside Hotel for the **3rd Annual International Young Governors' Summit!** More information about speakers and registration will be on our website and Twitter soon. We will be addressing topical governance challenges and theoretical debates surrounding Board processes, as well as providing more practical tools for those on, or involved with Boards, so stay tuned!

Email us with any questions, thoughts or ideas at: lygscoordination@gmail.com.

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