AASN National Conference

'Reflections on Some Governance Challenges'
22 August 2008
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Ladies and Gentleman

Firstly may I commend you on your presence at this conference and the organisers for putting together what looks to be a very stimulating program.

It is so easy when you are caught up in day to day challenges to lose sight of the reason why your school was formed in the first place; namely, in the case of all Anglican schools, to allow people to be educated in the context of the Church's teachings – to teach them to live the Gospel in their lives.

Conferences such as this provide an opportunity for reflection on that and, I am sure, stimulate new ideas for you all.

I feel honoured to have been invited, as a business person, to address you here today. In my early days on the Council of John XXIII College here in Perth and subsequently as Chairman, the point was made to me by nervous members of staff or the executive that "schools are not businesses" – and that just because certain principles produced excellent business outcome, it didn't mean they were relevant to running a school – because "schools are different".

I have mixed views about that concern.

On the one hand I empathise with it, because the idea that the path to excellence in not-for-profit organisations is to "become more like a business" is dead wrong.

As Bill Collins, author of "Good to Great" points out, businesses fall somewhere between mediocre and good. Few are great. When you compare great companies with good ones, many widely practised business norms turn out to correlate with mediocrity, not greatness. So, then, why should we want to import the practices of mediocrity into not-for-profit organisations?

On the other hand, I take odds with the concern because it gives rise to a closed-mindedness which prevents people gaining some benefit from learning about what worked well elsewhere.

Let me express it in a different way.

There are a few simple principles which characterise great organisations and they apply equally to business and not-for-profit entities. That is, they are organisational principles, not business principles. They include

- having a clear understanding of why the organisation exists and what it is trying to achieve
- being focussed on outputs rather than inputs
- having a rigorous planning process which gives rise to a disciplined analysis of how the organisation is going, what its strengths and weaknesses are, what influence the external environment is likely to have and what needs to be done to allow the organisation's goals to be achieved
- achieving clarity around the roles and responsibilities of the people involved in the organisation, and
- attracting and retaining top quality people

It is just as valid to say that these are the principles of a successful school which should be applied to businesses as it is to say the reverse.

Like many businesses, however, many schools fall short on following these principles and their performance suffers accordingly.

Why is that?

Well I believe it results from a combination of people in the school being so caught up in the day-to-day challenges of school life that they don't feel that they have the time to stop and think about the bigger issues; and secondly because they are not aware of the existence of any useful tools that might help them in the task.

I wanted to spend the time allocated to me this afternoon describing the experience I had as Chair of a school governing body which had a transforming effect on the culture and climate within the school – and allowed us to adopt the principles I outlined earlier.

The school, as I mentioned earlier, was John XXIII College here in Perth, whose Council I chaired for nine years until 2001. I must say my involvement at the school was one of the most rewarding experiences of my life – much more rewarding than I imagined when I took it on.

Firstly, a bit of background:

John XXIII College was formed in 1977 through the amalgamation of St Louis School, a Jesuit boys college, and Loreto Claremont, an IBVM girls school. It is situated in the relatively affluent western suburbs of Perth, although a proportion of its students have always come from less affluent areas.

In 1986 the college moved to a totally new single campus within a few kilometres of the old ones, with facilities second to none. By the early 1990s it had total student numbers of 1400 from pre-primary to year 12 with kindergarten classes added in 1998 and was the largest Catholic co-educational school on one site in Western Australia.
Amongst all stakeholders at the start of the nineties there was a generally very positive view of the college, but as I'm sure all of you have experienced, some dissention as well.

Academically things were in good shape. John XXIII tended not to have the highest number of students in the annual lists of subject or general exhibition awards but that could be attributed to the fact that the school had never offered academic scholarships. In the comparative exam results published by the Education Department at that time, however, the College was ranked amongst the top schools in Western Australia.

Anecdotally it also seemed that the school was turning out graduates who had a "good set of values", weren't too materialistic and related well to each other in the post-school environment.

One of the strengths of the College was generally recognised to be the level of involvement of the parents in school activities, across the range through Parent Association, Mothers' Auxiliary, sport, performing arts and the support of other parents during times of need.

But that involvement seemed to have a negative side to it; namely a perception of parental interference in the running of the school. This manifest itself in a number of ways:

- in the view expressed by teaching staff that they often felt 'under siege'
- in a general undercurrent of discontent amongst parents about various issues like the standard of sports competition, discipline, academic achievement, commitment of students etc
- in numerous telephone calls between some College Council members in between Council meetings to discuss the latest "crisis"

- in a feeling amongst staff that the College Council was aloof and didn't understand them.

I'm sure that many of you here today will have experienced some of these phenomena.

Let me emphasise that these negative issues were greatly outweighed by the positives in the school. Members of the College community were very proud of what had been developed in a relatively short time; but the negatives were regrettable and, as Chair, I found they consumed quite a lot of my time.

As it turned out those negative aspects were clearly the result of an inappropriate governance structure in the school. They were eventually identified and overcome through an inclusive corporate planning exercise; but the outcomes of that exercise went a lot further than simply solving the problems I have described.

The planning process we used is called the Argenti Planning System – a product that had been used very successfully for more than a decade at Wesfarmers Limited, where I was Chief Executive.

Now there are many planning systems around and I'm sure that most of you here have had some experience with some of them; but there is something about the Argenti system which in my experience makes it an extremely powerful tool in helping an organisation define its purpose and design strategies to achieve it.

I've now been involved in initiating Argenti plans or have seen them initiated in a wide range of companies (including Wesfarmers' diverse group of subsidiaries ranging from retailing to coal mining, rural services and fertiliser manufacture) and more recently in the National Australia Bank; and also in a number of not-for-profit organisations including a science museum, graduate school of management and agriculture department.

The plan derives its name from its creator Dr John Argenti, an English management academic. I had the pleasure of meeting John in the mid 1980s after we had been using the system for a few years when he visited Perth.

Slide 1

Slide 2

The plan is divided into a number of stages which are shown on the first two slides. As you can see it is structured similarly to other corporate planning systems, whereby the participants establish the objective of the organisation; carry out an analysis of strengths, weaknesses, threats and opportunities; design strategies to build on the strengths, overcome the weaknesses, counter the threats and take advantage of the opportunities; and then design more detailed action plans to implement the strategies.

Slide 2

It seems to me that the unusual power of the Argenti system lies in its simplicity and in its clarity around issues like objectives and strategies. The participants are given specific instructions for each stage and by simply working through the manuals they end up with a complete plan.

The system is very good at helping you focus on the big issues; namely, what is the real objective of the organisation, how is it currently faring, what are the major internal and external factors bearing on its success and what do we need to do in order to achieve the objectives.

The plan can be developed completely internally by a so-called planning team which comprises a planning assistant who has a co-ordinating, secretarial sort of role, and about half a dozen other members, always including the chief executive. At Wesfarmers it took us about two years to complete our first plan because we kept putting it aside to get on with other business or because of the challenge of getting people with competing diaries together for a number of hours at a time.

A similar thing occurred at John XXIII College and it may be that there is a benefit in allowing the first plan to be prepared over a longer period so that there is adequate time for reflection between the stages; but it can be done much faster; at NAB, for example, they completed it in a couple of months.

Why have a Corporate Plan?

At John XXIII we felt it was appropriate to introduce some sort of strategic plan for a number of reasons: firstly we were uneasy that many of the decisions we were taking at Council were being considered in a vacuum, that is without any reference to a bigger picture, longer term objective; secondly it was hard for us to rank issues in importance in the absence of a considered view about the really major issues facing the school; thirdly we were interested in seeing whether a broader view of matters might help resolve the rumblings of unrest which I described earlier; and fourthly we were concerned that while we were proud of the sort of people we were turning out as graduates, we didn't really have hard evidence on their qualities and we might be kidding ourselves. Were our students really living the Gospel?

One of the important issues to consider first was who should be involved in the planning team. I didn't want the exercise to be seen as initiated and run by the Council and it was important that we included representatives from each stakeholder group. So the Principal was appointed to chair the planning committee with the Bursar acting as planning assistant. Its membership included a couple of representatives of Council (including myself) who were also parents of school students, and some staff members selected by the College Executive.

Within a profit making company that would have been a sufficient group to carry out the planning exercise. But the extra sensitivities within a school environment caused us to

broaden the group of participants taking place in various stages of the plan and to conduct staff workshops on some stages as they were completed.

After the initial preparation stage, the first task was to establish an objective for the organisation. This is probably the most critical aspect of the plan and so we took a group of twenty five people away for a full two day weekend to carry it out. They comprised representatives of Council, teaching and administrative staff, parents and members of the religious orders which were the original founders of the school.

I would describe that weekend as one of the most rewarding of my time at John XXIII.

The task we had was a significant one. Argenti specifies that the objective of an organisation must have three characteristics: it must be concise, it must be measurable and it must be cast in concrete.
There was a fair bit of scepticism about whether such a thing could be achieved for a school. People generally commented that everyone had different views about the relative importance of different aspects and that it would be hard to come to any sort of consensus.

One example of an appropriate school objective might be "to provide our students with a good education". That is, after all, concise, permanent, and should be measurable when you define what you mean by good education. But there was an interest in our group in describing the objective in broader terms so that it more clearly described what we were about as a school, and what distinguished us from others.

We conducted the weekend as a series of breakout workshops where groups of six brainstormed various possibilities. There was a desire to reflect the unique genesis of the school as a combination of Loreto and Jesuit cultures and to address the fundamental philosophy of those religious orders of educating the "whole person", rather than the students' narrower academic sides.

As you can imagine, four breakout groups tended to come up with four different lines of thought on this issue but to our surprise and delight we arrived at an objective statement late on the second day which had the unanimous support of the group. That objective of the school now appears on a brass plaque in all of its rooms and on the College's stationery. It reads:

Slide 3

"In the spirit of Mary Ward, Ignatius Loyola and John XXIII our College seeks to develop people of competence, conscience and compassion who are committed to God and the service of others."

Mary Ward was the founder of the Loreto order, Ignatius Loyola of the Jesuits and John XXIII, of course, the Pope after whom the College was named.

You may ask whether that stated objective is a concise one, but it is in the sense that in a couple of lines it summarises all the things which we believe the school should be trying to achieve. We were trying to produce young people who are more than academically educated, who are socially and emotionally balanced, and prepared to contribute to the societies in which they live.

You might also ask whether this is a measurable objective and as you can imagine there was some debate about that. I never had any doubt that it should be. The term competence is intended to encompass academic competence which of course is measurable, and also social and emotional competence; but are they measurable and are compassion and conscience, for example?

Anyone who has worked as an employer in recent decades is well aware that psychologists are able to design ways of measuring what they refer to as non-cognitive or affective characteristics or "emotional intelligences". I had always been struck by the accuracy of such tests which we put potential employees through. They had an ability to describe whether somebody was self confident, a team player, considerate and so on. So whilst we weren't quite sure how we would go about it, at least in principle it seemed possible that we could measure the elements of our objective.

What struck us all about that first weekend was how beneficial it had been in raising the *esprit de corps* of the group involved. Individuals who previously had axes to grind with each other over particular issues had "laid down their weapons" while they concentrated on the big picture. We left our retreat feeling that we were all pulling in the same direction. This was to become one of the major achievements of the planning exercise.

The next stage of Argenti requires you to determine a set of measures (or KPIs) and targets, to enable you to see whether the objective is being achieved; and, consistent with the conciseness requirement, Argenti specifies that you should only have two or three measures for an organisation.

Before embarking on the next stages, I called John Argenti in Surrey to discuss that issue. I told him I had read his directions about having just a few measures but that in our school plan we looked like having at least half a dozen and asked whether that mattered.
John shot back: "the only measure of success you need in a school is the average salary of the graduates six years out".

I was shocked: "You must be joking. What if they are deeply depressed and involved in criminal occupations?"

"Oh well", he replied, "try the employment rate of the graduates six years out." I asked: "And what if they're all in jobs that are deeply unsatisfying to them and they're poor citizens?"

John then asked me what objective we had arrived at for the school.

I recited the objective and was greeted by a silence on the other end of the phone. In due course he said to me quietly:

"That's amazing. You know over here the only thing anyone cares about is how well the school is doing on the academic league ladder."

He went on to say that if we had any self doubts about what we were doing we should put them aside because we were at the leading edge in education and we should give it a go.

Helpfully, he told me that the measurement of those elements of the objective would obviously be a very time consuming process and suggested that we go on and complete the other stages of the plan without worrying about measurements and targets at this stage. This came as quite a surprise to me because I had assumed that the successful completion of the other stages would have relied on appropriate measures and targets being in place. After all how could you describe your strengths and weaknesses without having worked out whether in fact you were meeting or falling short of the objective; but Argenti was confident that it would work, and it turned out he was right.

And so over the course of the next year we set about conducting the remaining stages of the plan through the small planning group and the periodic reassembly of the larger groups. After completing important stages, the output would be taken back to the staff room where the Principal would discuss it with teaching staff and bring their feedback to the planning team.

I will not bother to run through in any detail the conclusions we reached in the various stages but it is relevant to mention a couple of them. The list of strengths and weaknesses was arrived at through another whole weekend session with all twenty five people present. As expected, one of the broadly endorsed strengths of the school was defined as its caring, committed community of teachers, parents, students and administrative staff; and the overwhelmingly endorsed weakness was that troublesome element I had described earlier. It was defined in the list as "divisive, undermining activities by some members of the College community".

It became clear to us all that one of the causes of this negative feature was an inappropriate governance structure in the school. Discussing this issue as part of the corporate planning process, in relation to strategies going forward, enable it to be resolved much more easily than if the solution had been imposed from on high.

The problem lay in poorly defined constitutions for the school and the Parent Association and in the existence of some inappropriate committees at a Council level.

Under the College constitution, parents were able to elect two representatives to Council. The presence of elected parent members resulted in those individuals believing that they had a mandate to serve the interests of the parents (as opposed to the interest of anyone else). Parents who sought election to Council when a position became vacant did so on a platform of promises so that they would be elected ahead of another parent promising less.

In addition to the normal committees on property and planning and finance, Council had some years before set up committees on education, religious education, sport and performing arts. These were chaired by a Council member with other members co-opted from parents and staff.

The constitution of the Parent Association gave members of that body the impression that it was part of the school's management structure.

Strangely the Council committees on performing arts and sport gave verbal reports to meetings of the Parent Association as if they were in fact committees of that body.

The presence of such committees in areas that I would deem to be management's preserve caused real confusion amongst people about who was running the school. For example a staff member on a Council sub-committee which was chaired by a Council member could not be blamed for feeling that he or she had some sort of reporting responsibility to that sub-committee chair rather than purely through his or her supervisor to the Principal. All of these things made for confusion of accountabilities and responsibilities with the school.

These problems were solved by adopting a new constitution for the College and for all associations within it.

The College's constitution was amended to provide for all Council members to be appointed by way of a Council nominations committee with ultimate approval being required by the Archbishop (who owns the College) and the Loreto Provincial. Council membership now includes two "parent members" and two "past student members" who become members by applying when a vacancy occurs and being selected by the nominations committee of Council. Since there are now no elections of members, there is no lobbying either.

All associations within the College were provided with a standard form of constitution which made it clear that the organisation existed to support the Principal and the school and gave the Council ultimate sanction of the associations' activities.

In conjunction with those actions, all committees of Council were abolished except for property and planning and finance. It was agreed that from time to time special taskforces may be established to deal with particular issues.

And finally a code of practice was drawn up for Council members which all new members are required to sign. That code makes it clear that each Council member represents the

interests of the whole College rather than one group, that all matters discussed at Council meetings are confidential unless otherwise specified, that Council members have a responsibility to support the Principal, the College and Council resolutions, that a Council member must not become involved in matters of College management and must refer any complaints to the Principal for action.

As you might imagine, these changes were not achieved without some protest within the school community (specifically some parents), with accusations of disenfranchisement, grabs for power and so on; but the inclusive planning process made it easier to push them through.

As it turned out, these structural changes, along with a number of actions taken on specific issues like sport, had a dramatic effect on the atmosphere within the school, to the extent that during subsequent revisions of the plan people expressed surprise firstly at the prominence of that main defined weakness and ultimately at its existence on the list at all. It was dropped from the list a few years later.

The development of other strategies through the plan resulted in a much better understanding of College priorities and gave us a clear view of the way ahead.

If completing the Argenti plan (in the absence of the measurement exercise) over that two year period had been all that happened, it would have been a worthwhile exercise. Through the process of focusing on the bigger issues in the school and including all stakeholders in the important stages of the process, a new esprit de corps was created. People knew they were pulling in the same direction and faceless people became collaborators.

But those positive outcomes were to be doubled by the experience we had in the measurement exercise.

Measuring Affective Dimensions

Eventually we had to return to the challenge of completing stage two of the Argenti process. I had a close friend involved in education in Western Australia and I asked him one day whom he would recommend if we were looking for someone who was expert in measuring student outcomes.

I was referred by him to Dr Geoff Masters who was then Deputy Director of the Australian Council for Educational Research and a nationally recognised expert on measuring cognitive outcomes like literacy.

Accordingly I visited Geoff in Melbourne. For those of you who are not aware, ACER is a national body originally funded by the state education authorities to conduct coordinated research and research applications throughout Australia on their behalf; and now – as a result of its success – self funding.

In my initial discussion Geoff explained that ACER did not normally work for individual schools but as I described what we were seeking to do, he warmed to the idea because of the interest around this subject in education circles at that time.

In due course ACER accepted the brief to develop, at shared expense, an instrument which could measure the dimensions we had defined.

Slide 4

The development of these measures took the best part of another two years, which partly explains why the corporate planning process stretched out. It began with the participation of Geoff Masters and Margaret Forster of ACER in a weekend session where we started to define what we meant by the seven dimensions which are drawn on this slide.

How would we recognise a poorly or well developed sense of compassion, for example, in one of our students.

The intention was to develop a series of questions for each dimension to which a student would answer strongly agree, agree, disagree, or strongly disagree.

The questionnaire would then be applied to all students in year 8 and year 12 and to all those we could find five and ten years after graduation. By conducting the survey each year, we would build up a database of how the students ranked on each dimension and each five years would be able to measure growth on that dimension, or how the students had developed over time. The question about why any such development had taken place and whether it was due to the school's influence or others was, of course, another matter.

Over a series of one and two day sessions, the wider planning group helped the ACER people define what we meant by compassion, conscience and so on. Margaret Forster proved to be a genius in formulating simple statements which demonstrated different degrees of development on particular dimensions and then ordering them in an appropriate hierarchy.

Slide 5

This next slide shows you what I am talking about. It contains three example statements from the twenty one concerning the dimension of conscience. The first is at a low level, that is: "I would feel bad if I had stolen something". One would expect almost all students to strongly agree with that statement. In the middle range is a statement: "if someone else were blamed for something I had done, I would own up". And at the top of the range: "If an opposition player were wrongly dismissed I would tell an umpire."

For each dimension about 20-25 hierarchical statements like those were devised and these were then inserted at random into a large questionnaire.

Slide 6

Within each dimension the different statements can be grouped into hierarchies which demonstrate positive development along the vertical axis. For example, again with regard to conscience, a low level awareness might be designed as something producing remorse after

the event. For example feeling guilty after stealing something doesn't require a very highly developed level of conscience.

A higher level might be described as "principled awareness" where there was no personal consequence for the person or there was a positive personal consequence; and a top level as principled awareness where there were negative personal consequences for a person's actions. For example if an opposition player were wrongly dismissed and a student told an umpire, he may have negative personal peer consequences. Acting in that way requires a more highly developed sense of conscience.

Slide 7

Similarly with the dimension of compassion, at a lower level one might have self-interested compassion moving through personal engagement, principled compassion, compassion for the underdog and selflessness. Similar hierarchies would exist for the other dimensions.

You can probably imagine the positive affect of having twenty five stakeholders from different groups in the school sitting around for many days over a year or two talking about these issues. Here was a chance to get away from the minutiae of college life and the immediate problems and to think about what we really were trying to do for our children. How did we define compassion, how did we define conscience and so on? It was a truly unifying experience.

After completing the questionnaire ACER trialled it in three schools in Melbourne and used the results to fine tune the instrument. In 1998 the questionnaire was applied for the first time at John XXIII in years 8 and 12 and to those graduates who had left five and ten years earlier. The results were very interesting and useful.

Slide 8

This slide shows the typical output in summary form for the dimension of conscience. As you would expect, the responses are distributed around a mode with a mean result at a certain level.

Slide 9

The result can then be dissected to measure the outcomes for different groups, as shown on this slide. This is an actual example from the 1998 survey on the conscience scale. As you can see there is a higher level of conscience in students five and ten years out of school than in current students, a higher level amongst female students compared to male students and so on.

The intention is to map the development of the different dimensions over time within the one cohort and also to compare students at John XXIII with those from other schools.

Subsequently, ACER licensed the Attitudes and Values Questionnaire, as it's now called, and has sold it to an increasing number of schools around Australia. A database has been developed against which an individual school can compare its results.
The ongoing task within the school, of course, is to ensure that the output from these surveys is used productively. This can be achieved by utilising it in teacher in-service days and

addressing questions such as: how are our students performing on these measures, what might be causing those results, how are our teaching methods influencing the outcomes, and what changes might we implement to improve the outcomes?

The corporate planning exercise was, as I say, a very rewarding at John XXIII. But what are the lessons we can take from the experience? I believe they are these:

- a well developed corporate planning exercise which seeks to include all stakeholders in its development can provide significant benefits in a school environment, particularly in
    - defining the school's purpose
    - allowing you to define the outputs you really want to achieve
    - clarifying how well you are doing at the moment, and finally
    - charting a way ahead
- an appropriate governance structure, in which roles and accountabilities are clearly defined, is essential to the welfare of the school.

I mentioned earlier that an essential ingredient in any great organisation is being able to attract and retain top people.

The success of our planning exercise was only possible because we had an excellent Principal in Greg Clune, who grasped the opportunity with both hands and gave it the leadership it required. Without the commitment of the Principal, such exercises are bound to be ineffective.

The plan also, I believe, made it easier for the Principal to deal with underperformance amongst the staff. If underperformance by some members is identified as a weakness by the broader group, tackling it is likely to be more readily accepted in the school community; and so I believe the exercise played an important role in raising the quality of our people.

As a final comment can I say that I've always believed very strongly, and I've stressed today, that one should be outcomes focused rather than process focused. But the experience at John XXIII with corporate planning and in particular with the development of the Attitudes and Values Questionnaire has illustrated to me that great benefits can be achieved by virtue of a process itself. The process of meeting as an inclusive group on numerous occasions and addressing issues of common interest itself led to a great increase in harmony within the school. The outcome of the plan and of the Attitudes and Values Questionnaire was extremely useful but the process of arriving at that outcome was equally so.

Thank you