

# APS Council Discussion of Corporate Reform Initiative

4 April 2014

# Today's Purpose

1. Update you on what has happened to date
2. Review and discuss practices of other scientific societies
3. Share preliminary results from the ad hoc APS Committee on Corporate Reform (CCR)\*
4. Provide opportunity for Council to discuss these results and add to or respond to our thinking

*\* Mac Beasley, Sam Aronson, Homer Neal, Michael Turner, Vincent Chan, Frances Hellman, Haiyan Gao, Anthony Johnson, Greg Meisner, Pierre Meystre, Annick Suzor-Weiner, Keivan Stassun and Cherry Murray (ex officio)*

# Agenda

1. Overview of Initiative, Work Plan and Overarching Principles
2. Highlights of Other Organization Survey
3. Lunch @ Noon
4. Presentation of CCR Results so far
5. Council Executive Session to Discuss Proposals and Provide feedback\*
  - a. Governance – Council and Board
  - b. Executive Structure

\* A separate venue is planned later for senior staff

# APS Council Discussion of Corporate Reform Initiative

## History and Background

# APS Corporate Reform Initiative

## **Goal:**

*A governance and operating leadership model that is effective in a world that is increasingly international, complex and rapidly changing – a world that is “flat” and “fast”*

## **Scope:**

*Involves both our governance bodies (Council and Executive Board) and our executive structure (Operating Officers)*

# History/Background

- Roots of this initiative date back at least 6 years in PL conversations about whether or not our governance and staff structures, which have served us well, are sufficient to serve us in a future that is complex and rapidly changing
- Goals of the APS Strategic Plan are to:
  - Ensure continuing institutional excellence
  - Achieve “One APS”
- EBoard initiated Corporate Reform process in 2013 and Council discussed at its November meeting
- Council and Executive Board express concerns have lost effectiveness and strategic focus, and welcome corporate reform
- To opt in to new DC laws will require changes to Constitution and Bylaws and a vote of the membership

# Some Key Questions for the ad hoc Committee on Corporate Reform

Are Our Present Structures Sufficiently:

- ***Strategic and Forward Thinking***  
Able to Recognize and Seize Opportunities/Anticipate and Avoid Problems?
- ***Nimble and Flexible***  
Able to Self-Reflect on Organizational Performance and Change as Needed?
- ***Clear in Roles & Responsibilities – Authority & Accountability***  
Able to Transcend Personalities?

# **Progress Report from the CCR**

## ***Overarching Principles***

### **Things The Committee Agrees Must Be Preserved:**

- Core physics culture of APS
- Quality of deliverables to members and society
- Strong member engagement
- Trust among members, staff, elected leaders and professional management
- Ensure that APS remains the pre-eminent physics society

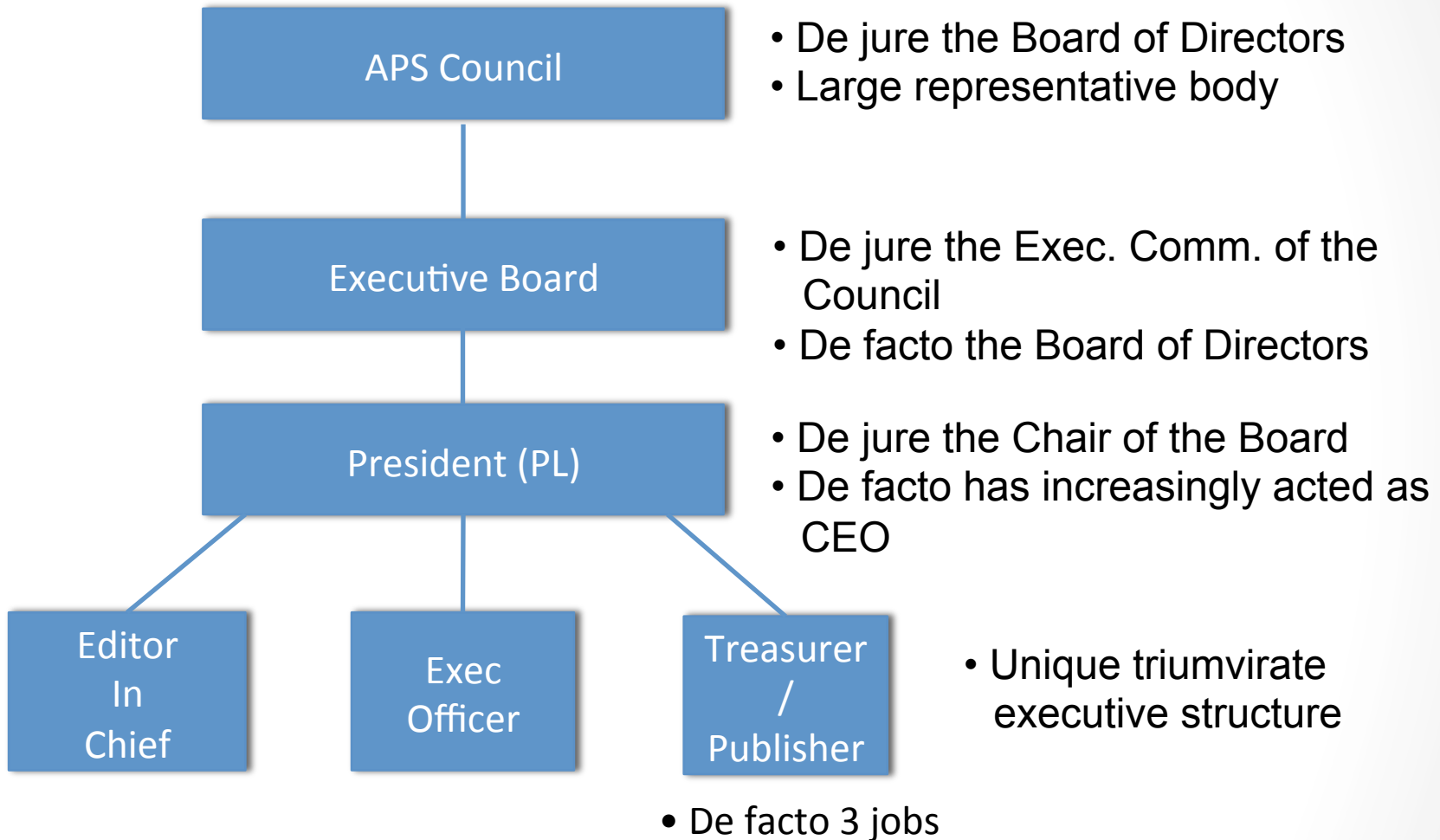
### **Attributes We Want in the ad hoc Corporate Reform Process:**

- Data driven rather than opinion rich
- Broadly representative views to inform the process
- Focus on the top level governance and executive staff defined in the by laws
- Include robust plan for member engagement in the process



Phase	APS ad hoc CCR Work Plan with Timeline
<u>Early Roots of CCR</u>	Roots date back at least 6 years to conversations and thinking in the Presidential Line about whether or not our governance and staff leadership structures, which have served us well in the past, are sufficient to continue to serve us well in a future that is complex and rapidly changing.
<u>Data Gathering</u>	
Fall 2013	<ul style="list-style-type: none"> <li>• EBoard initiated Corporate Reform and Council discussed in November 2013</li> </ul>
January 2014	<ul style="list-style-type: none"> <li>• Conduct 35 interviews with key stakeholders</li> </ul>
February	<ul style="list-style-type: none"> <li>• Discussions with OOs about current OO structure and input into alternatives</li> <li>• Survey how other scientific societies operate</li> <li>• Headline report of preliminary data collection to ad hoc CCR</li> <li>• February 22: Leadership Convocation Plenary Session for Dialogue and Input</li> </ul>
<u>Consider Options</u>	
February (continued)	<ul style="list-style-type: none"> <li>• February 23-24: Meeting of ad hoc Committee on Corporate Reform to discuss data and develop draft proposals</li> </ul>
March/April	<ul style="list-style-type: none"> <li>• Draft proposals to legal counsel for review and preparation of documents</li> <li>• Share recommendations with relevant groups: <ul style="list-style-type: none"> <li>• Elected leaders in structured dialogue with various constituents</li> <li>• F2F facilitated Council discussion (April meeting) ←</li> <li>• Conversations with Committee on Constitution and Bylaws (late April)</li> </ul> </li> </ul>
<u>Vet &amp; Refine</u>	
May	<ul style="list-style-type: none"> <li>• May 13 – CCR refines recommendations based on feedback</li> <li>• Final report of recommendations</li> </ul>
June	<ul style="list-style-type: none"> <li>• June 5 -- Meeting with Committee on Constitution and Bylaws</li> <li>• June 13 – Special Council Meeting in Phoenix ←</li> </ul>
Mid July	<ul style="list-style-type: none"> <li>• Final Council vote on recommended legal documents ←</li> </ul>
<u>Moving Forward</u>	
June	<ul style="list-style-type: none"> <li>• Begin preparation for job searches (replace Publisher, Treasurer, etc.)</li> </ul>
July	<ul style="list-style-type: none"> <li>• Inform members of final proposals and prepare members to vote on any needed Constitution or Bylaws changes</li> </ul>
September/October	<ul style="list-style-type: none"> <li>• Membership vote ←</li> </ul>

# Governance Issues Raised by Present APS Corporate Structure



Roles and Responsibilities have lost clear definition; Critical link between PL and Operating Officers is presently not best practice

# APS Council Discussion of Corporate Reform Initiative

## **Governance Basics**

# Governance Basics: Board of Directors

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## Legal Duty:

- *Obedience*: Comply with laws and corporate powers
- *Loyalty*: Act in good faith free of personal interests
- *Care*: Be diligent and prudent and select “*right direction*”

## Basic Board Functions:

- Approve outcome to be accomplished (strategic plan)
- Ensure resources necessary to achieve outcomes are available and used efficiently
- Make sure the desired outcomes are being achieved via hiring and oversight of chief staff officer(s)

# Governance Basics:

## Typical Leadership Partnership

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### Board of Directors

- Establish Direction through Strategic Plan
- Assure Progress and Resources to Achieve Plan
- Set Public Policy
- Hire and oversee Chief Staff Officer(s)

### Chief Staff Officer(s)

- Assist Board to Pay Attention to the *Right Strategic Things*
- Implement strategic plan
- Manage business of org
- Oversee the work of the staff

### Joint responsibility for strategic thinking/planning & timely action:

- Changing environment in which organization operates
- Emerging challenges that must be addressed
- Emerging opportunities to be capitalized on

# APS Council Discussion of Corporate Reform Initiative

**Practices of  
Other Organizations**

# Other Organization Survey

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We reached out to relevant societies to learn about:

- The size, composition and roles of their Board of Directors and Council-like body
- The structure and selection of the Chief Staff Officer(s) and their relationship to elected leaders
- The structure and reporting relationships of top publishing and finance positions

# Responses from Nine Groups

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1. American Association for the Advancement of Science
2. American Association of Physics Teachers
3. American Chemical Society
4. American Geophysical Union
5. American Institute of Physics
6. Institute of Physics (UK)
7. Materials Research Society
8. New England Medical Journal\*
9. Optical Society of America

\* Where data reflects N=8, NEMJ did not provide info on this question and their practice is unknown



# APS Is Unique Among Its Peers

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## Responding organizations:

1. Final governance authority held by Board of Directors
2. Board hires a single CEO to oversee the organization
3. Appointment of 1-3 BoD members for special expertise
4. Treasurer is unpaid, elected position
5. CEO often ex officio on BoD, but only 1, AIP, has voting seat
6. CEO has authority to hire senior team and organize staff structure as a whole\*

## APS:

1. Final governance authority held by Council (40 persons)
2. Members nominate/elect three Operating Officers
3. No provision for appointments or expertise
4. Treasurer paid staff (elected) position
5. OOs have voting seat on EBoard and Council
6. Each OO has authority to hire/organize in their separate area of responsibility

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\*AAAS: EiC & Publisher jointly appointed by CEO-BoD; report to CEO/Exec Publisher

\*ACS: Sec & Treas/CFO paid staff positions elected by BoD; report to BoD thru CEO

# Trends We Are Seeing

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- Large, unwieldy Council-like bodies being repurposed/ eliminated -- replaced by vital member engagement structures.
- Repurposed Councils focusing on fewer, more strategic issues related to the long term future of their science or profession.
- Smaller Board of Directors focused strategically on big picture, future direction, sustainability, policy and fiscal accountability.
- Strong partnership between Chief Elected & Chief Staff Officers.
- Chief Staff Officer accountable to board for foresight and strategic thinking, coherence of structure and interactions.
- Staff and Volunteers make up the “workforce” implementing plans, pursuing objectives – in alignment with strategic plan.

# What does all this mean to APS?

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1. What Ah Ha or insight did you have from the survey or governance materials that is relevant to this discussion?
2. Are there any disconnects between what you have heard and APS?
3. Based on what you have heard, what from these models appeals to you most for APS and why?

# APS Council Discussion of Corporate Reform Initiative

**Results of CCR so far**

# Began with information collection

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1. 40 interviews, broad cross-section
  - Council members
  - Committee Chairs
  - APS Operating Officers & Staff
  - Presidential Line & Past Presidents
  - CEOs of Other Science Societies, Consultants & Industry
2. Leadership Convocation Dialogue & Response
3. Presentations and feedback from OOs to CCR
4. Other Organization Survey

CCR looked for patterns in perceptions

# Interview Headlines

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- APS is operating in complex, rapidly changing environment that requires nimble strategic leadership
- While representation is valued, Council described as unwieldy, slow, a rubber stamp for the Board -- not a good use of the time of very smart people
- Current role delineation between Council-EBoard not a good match for modern governance needs
- Greater accountability for success and failure desired
- Presidential line filling void and stepping into CEO role, seen as problematic
- Many see need to change despite triumvirate working well now – described as too personality dependent

# Headlines from Leadership Convocation

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- APS must preserve its core physics culture in leadership and management
- Member engagement and sense of ownership of the society believed to be paramount
- Authority is not aligned with capacity, i.e. complex issues in short time and few meetings

# Initial Design Criteria for Governance

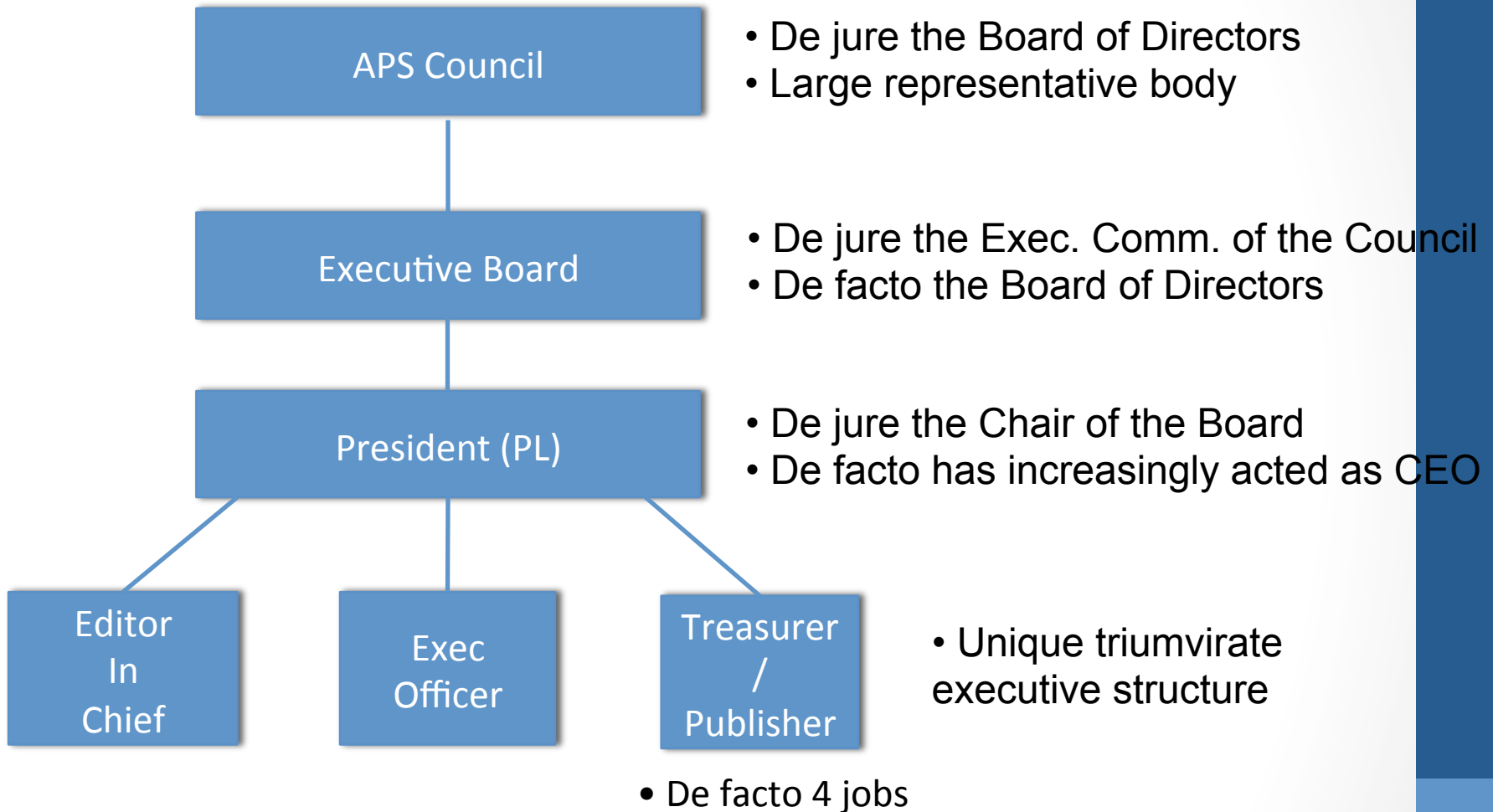
1. Provides effective mechanisms for **direct member input**
2. Continues to prioritize **diversity** as a key value and practice of APS
3. Clearly **defines roles, responsibilities, authority and accountability**
4. **Matches scope and complexity with decision authority**
5. Ensures that Elected leaders feel that their **time is well spent** in governance activities and that the intellectual assets of elected leaders will be well used
6. Purpose for the Council and Board will be **attractive to members** to serve
7. Makes elected roles **time-manageable and time-limited**
8. Ensures that **competencies** needed to decide complex future issues are present
9. Mechanisms for selecting **needed expertise**/perspectives to populate the Council or Board.
10. Is the **“right size”** for the governance body’s function.
11. Has appropriate terms of office to ensure effective governance and provides a **renewable flow** of leaders
12. Allows us to **“opt in”** to new DC law



# APS Council Discussion of Corporate Reform Initiative

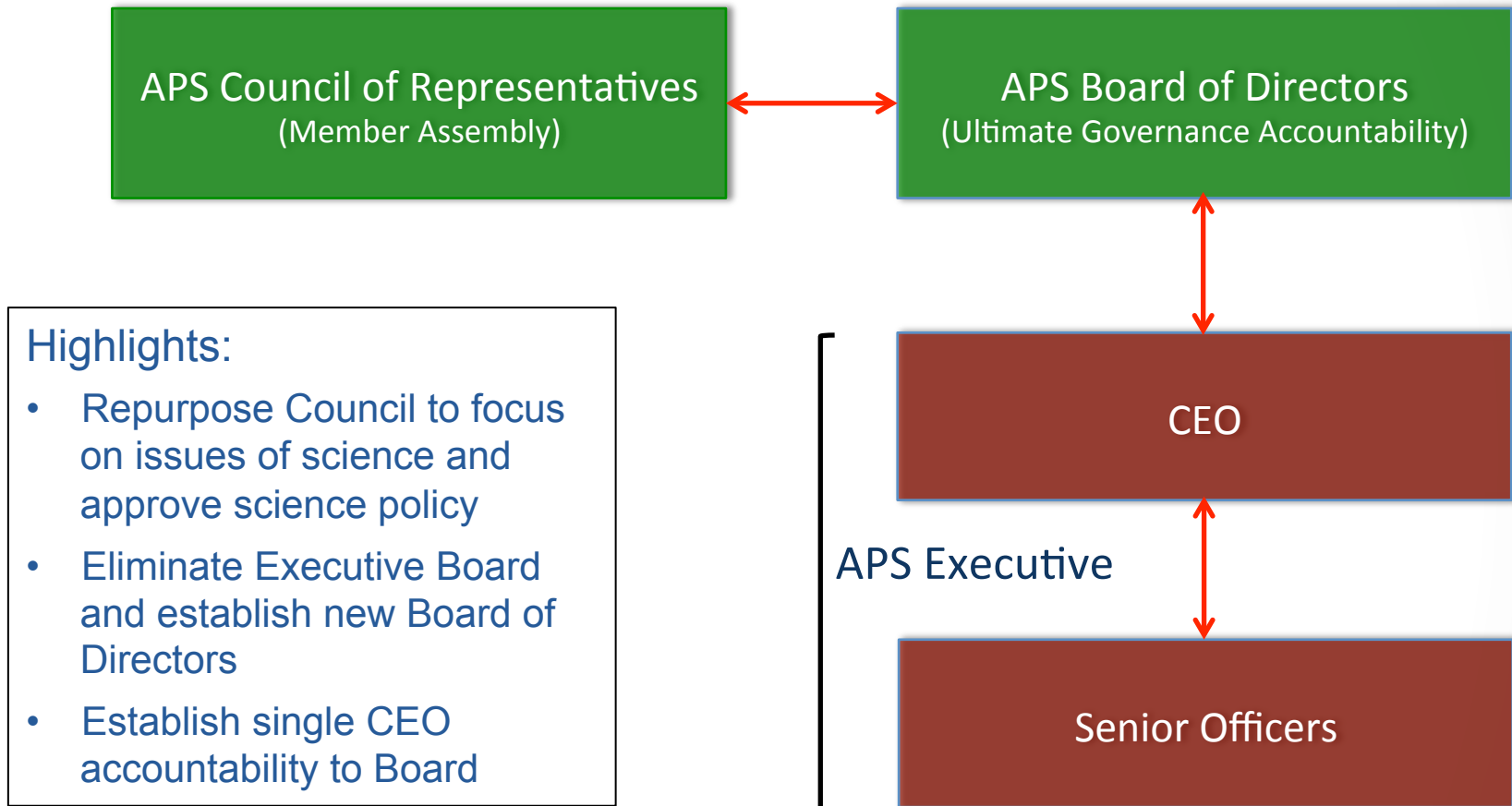
## **Highlights of CCR Proposals for Discussion**

# Governance Issues Raised by Present APS Corporate Structure



Roles and Responsibilities have lost clear definition; Critical link between PL and Operating Officers is presently not best practice

# Proposed New Governance Relationships



↔ Indicates partnering relationship

➡ Clear Roles & Responsibilities/Authority & Accountability

# Proposed New Governance Bodies

## Roles and Responsibilities

APS Council of Representatives  
(Member Assembly)

- Repurpose Council to focus on issues of science and approve science policy
- Create “Speaker of the Council” and “Steering Committee” to manage the agenda and operations of the Council
- Elect Council members to Board of Directors

# Proposed New Governance Bodies

## Roles and Responsibilities

APS Board of Directors  
(Ultimate Governance Accountability)

- ELIMINATE EXECUTIVE BOARD
- ESTABLISH NEW BOARD OF DIRECTORS
- ROLES
  - Fulfill fiduciary duties of obedience, loyalty and care
  - Oversee strategy and resources
  - Oversee executive
  - Serve as external ambassadors
  - President Chairs the Board
- COMPOSITION
  - Presidential Line
  - New Treasurer elected from Board
  - Members elected from Council
  - Up to 2 members at large appointed to provide needed expertise

# Proposed New Executive Structure\*

## Roles and Responsibilities



CEO

- Ex Officio Non-Voting Member of BoD
- Partners with President to guide strategic foresight and preparedness
- Keeps APS focus on the long term mission and vision
- Ensures coherent, effective, efficient and accountable organization
- Oversee day to day operations

\* Additional aspects of the Executive Structure are still under consideration

# APS Council Discussion of Corporate Reform Initiative

## **Council Feedback to CCR**

# Discussion of Governance Proposals

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**Purpose:** To think about governance together and generate relevant feedback for CCR about Council and Board of Directors

**Task:**

1. Decide on leadership roles
2. On a flip chart, answer the following questions:
  - What excites you about these proposals?
  - What are the greatest benefits you see, if any, for APS members and for our science?
  - What questions do you have for clarifications?
  - What, if any, concerns do you have about these proposals?
3. Prepare a compelling \_\_ minute report for the Council



# Design Criteria for Executive

- Clear chain of authority and accountability
- Demonstrated to work in other organizations
- Strengthens BoD/Executive relationship/  
partnership
- Nimble and able to make sharp decisions
- Speeds decision making
- Promotes coherence and innovation across the  
organization
- Makes it easy to get things done

# Discussion of CEO Proposal

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**Purpose:** To think about the executive function together and generate relevant feedback for CCR about the CEO proposal

**Task:**

1. Decide on leadership roles
2. On a flip chart, collectively answer the following questions:
  - What excites you about these proposals?
  - What are the greatest benefits you see, if any, for APS members and for our science?
  - What questions do you have for clarifications?
  - What, if any, concerns do you have about this approach?
3. Prepare a compelling \_\_ minute report for the Council

## Executive Publishing Structures

### AAAS

EIC and Publisher (2 peer positions)  
Appointed jointly by BoD and CEO  
Both report to CEO/Exec Publisher

### AAPT

CEO with support from Communications  
CEO with Pub Committee oversight

### ACS

President of Publication Division  
Reports to CEO  
No single EIC  
Separate BoD for publishing strategy

### AGU

Director, Publications  
Reports to COO  
Each journal has own EIC

### AIP

Chief Publishing Officer (No EIC)  
Historically reported to CEO  
Now reports to BoD Chair

### IOP

Managing Director of Publishing  
Wholly-owned subsidiary with BoD  
Executive, external editorial rep & CSA

### MRS

Dir of Communications reports to ED  
EIC approved by BoD, hired by ED

### NEMJ

Triumvirate structure for NEMJ Group  
EVP highest ranking employee  
Both EIC (editorial) and Publisher  
(business side) report to EVP

### OSA

Executive Deputy Director-Chief  
Publishing Officer reports to CEO  
Is one of 6 C level staff

# Discussion of EiC

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**Purpose:** To think about the Editor in Chief position together and generate relevant feedback for CCR:

- 1. Of the models you have seen in other organizations, what appeals to you as a good idea for APS? Why?**
- 2. What does this position mean to us culturally?**
- 3. What are the implications for:**
  - Relationship with CEO
  - Relationship with the Board of Directors and Council
  - Relationship with authors and readers
  - Selection process
  - Reporting relationship
  - Other