



## IMD Regulations

### **Purpose**

#### Article 1 – Purpose

Based on Articles 10 and 12 of the Statutes, the Foundation Board defines regulations to specify IMD's organization and management.

### **Organizational Framework**

#### Article 2 – Foundation Board

According to Article 7 of the statutes, IMD is administered by a Foundation Board having at least twelve members. In article 10 the statutes stipulate that the Foundation Board may, either by issuing regulations or by specific decisions, take all useful measures in the administration and the representation of IMD and, generally, all steps permitting it to achieve its objectives. The Foundation Board may delegate part of its powers but assumes some exclusive prerogatives such as the approval of the annual report, the appointment of the Foundation Board members and its Chairperson resp. Vice Chairperson(s) as well as the members of the Supervisory Board and the Auditors, and it approves the IMD regulations. Foundation Board members are expected to support IMD in ways that go beyond the minimum statutory duties.

#### Article 3 - Guiding Principles

The following principles guide organizational structures, management processes and behaviours at IMD:

- Faculty and Staff are primarily influenced by IMD's culture and values supporting collaboration, openness and a pioneering spirit. Detailed rules and regulations will only be defined where absolutely necessary. Entrepreneurial initiative should be protected, unnecessary bureaucracy avoided.
- In the absence of rules and regulations, ethics, integrity and loyalty to the institution govern behaviours in support of a strong and healthy IMD.
- Its organizational design should balance efficient decision making and broad involvement across the various functions and stakeholders.
- Management processes are to be transparent and should offer opportunities for constructive engagement.
- Faculty and Senior Staff members are expected to contribute to the management of IMD.

#### Article 4 – Participatory Management

IMD adopts appropriate mechanisms to involve Faculty and Senior Staff (i.e. leaders of key functions and businesses) in decision making particularly in those areas that they are responsible and accountable for. In such areas special policies will be defined based on a formal consultative process involving Faculty and Senior Staff.



## **Supervisory Board**

### Article 5 – Responsibilities and Authorities

The Foundation Board appoints a Supervisory Board from amongst its members to support, challenge and supervise IMD's operations.

The Supervisory Board has the overall responsibility for IMD's vision, strategy and management to support its success in the market place.

It assumes the following specific responsibilities and authorities:

- Propose IMD's vision and strategies for approval by the Foundation Board (jointly with the Executive Committee).
- Approve strategic plans and investments; approve the annual budget and major out of budget expenditures.
- Provide preliminary approval of the annual report subject to final Foundation Board approval.
- Appoint the President of IMD; approve the membership of the Executive Committee.
- Seek and propose Foundation Board members.
- Propose IMD's regulations for approval to the Foundation Board.
- Establish subcommittees and approve their charters.
- Approve significant policies and supervise compliance.
- Establish guiding principles for financial management.
- Define overall remuneration philosophy and principles, including the amount of a fair compensation for a specific mandate given to a Member of the Supervisory Board in exceptional circumstances.
- Review and approve all matters proposed to the board.
- Appoint the Chairperson of the Consultative Councils that may be established by the Chairperson of the Foundation Board, such as the Executive Education Advisory Council.

### Article 6 - Election and Terms

The Supervisory Board shall comprise a minimum of 6 and a maximum of 10 members that are elected based on a proposal of the Chairperson for a renewable term of three years. Activity within the Supervisory Board is in principle voluntary. Upon request, the Foundation reimburses the Members of the Supervisory Board for accommodation and travel expenses incurred by them in the course of their activities for the Foundation, the terms and conditions of which are subject to a specific regulation. In exceptional circumstances, the Foundation may request a Member of the Supervisory Board to perform a specific mandate for which he / she is suitable in terms of experience and skills. In such a case, the concerned Supervisory Board member may request from the Foundation a fair compensation which could be paid by the Foundation provided its principle and its amount have been previously approved by the Vaud Tax Administration.



### Article 7 - Meetings and Decisions

The Supervisory Board meets as often as circumstances require but at least twice a year physically on the IMD campus. It can meet by telephone conference and make decisions by circular resolution. A valid meeting has to be attended by at least half of its members.

The Chairperson invites for a meeting and proposes an agenda that will be distributed at least five business days before the meeting. One third of the members can ask for a meeting indicating the reasons and topics to be discussed.

To take effect, any decision shall receive the affirmative vote, either in meeting, of the majority of the members present, or by circular resolution, of the majority of the members. In case of a conflict of interest, a member has to abstain from discussion and voting. Decisions shall be recorded in minutes signed by the Chairperson and the Secretary.

### Article 8 – Chairperson and Vice Chairperson(s)

The Chairperson is appointed by the Foundation Board from amongst its members upon recommendation of the Supervisory Board for a renewable term of three years.

The major responsibilities and authorities of the Chairperson are:

- To chair the meetings of the Foundation Board and of the Supervisory Board.
- To support, challenge and supervise the Supervisory Board members in their tasks.
- To appoint the Chairperson and members of subcommittees.
- To identify and attract new Foundation Board and Supervisory Board members (jointly with the President).
- To establish special advisory groups to work with the President, the Faculty and Senior Staff on relevant themes and issues.
- To support the efforts of gaining new learning partners (as appropriate).
- To represent IMD at significant events (as appropriate).
- To approve the contractual arrangements and the compensation of the President.

The Foundation Board can appoint on the suggestion of the Chairperson up to two Vice Chairpersons to support the Chairperson and to deputize for him/her if necessary. The Vice Chairperson(s) serve(s) for a renewable term of three years.

## **Executive Committee**

### Article 9 – Responsibilities and Authorities

The President proposes an Executive Committee that includes Faculty members responsible for high priority strategic tasks as well as Senior Staff members. The President together with the Executive Committee has the overall responsibility for developing and executing IMD's strategy and its results, for a thriving culture that supports performance, quality, teamwork and ethics, for an effective and efficient organization of IMD's operations and for its financial health.



Specifically it assumes the following responsibilities and authorities:

- Define IMD's vision and strategy (together with the Supervisory Board) and lead its execution.
- Manage business development and client relations. Support powerful brand positioning.
- Assign workload for Faculty to meet client needs and support talent development.
- Review, innovate and renovate program portfolio.
- Support R&D initiatives in line with strategic priorities; optimize R&D resource allocation, effectiveness and impact.
- Manage talent pipeline and recruitment process.
- Ensure high quality and smooth operations on campus; monitor and support compliance with regulations and policies.
- Monitor developments and results against plans and budgets and against market/competitive trends
- Launch and supervise strategic initiatives and task forces or committees and prioritize between them.

The Executive Committee meets as often as circumstances require but at least once per month. Faculty Executive Committee members assume their management tasks in a part time capacity and continue to a limited extent with teaching and research. IMD management tasks by Faculty members are considered as a service to the community. It will be compensated in a way to avoid penalization versus other Faculty members. Rotation of Faculty as Executive Committee members is expected.

#### Article 10 – President Role and Responsibilities

The President is appointed by the Supervisory Board. He/She proposes IMD's business goals, financial targets and annual budgets within the strategic guidelines agreed with the Supervisory Board and he/she ensures that decisions are taken in a timely manner and with adequate quality. He/She proposes the structure and composition of his/her Executive Committee. He/She regularly informs the Supervisory Board about developments, issues, actions and results and he/she delivers annually an activity report to the Foundation Board.

Specifically he/she assumes the following responsibilities and authorities:

- Support educational effectiveness and impact with learning partners (as reflected in franchise growth and client feedback).
- Ensure continuous competitive strength (measured by rankings and other quantitative and qualitative surveys).
- Monitor and continuously strengthen quality of Faculty and Senior Staff (as demonstrated by recruitment success and client feedback).
- Ensure healthy financial situation (as measured e.g. by net results in line with budgets, solid reserve levels, level of external fund raising for chairs and research).
- Achieve recognition for innovation and thought leadership (as evidenced by brand perception and impact of research output)



- Provide leadership for a thriving performance culture and adherence to ethics and values on campus (e.g. as measured by staff surveys).
- Propose appointment and compensation of Executive Committee members for approval by the Supervisory Board; approve other management appointment and compensation proposals.
- Provide final resolution of conflicts of interest with Faculty and Staff.

The President can appoint a President's Council with representatives from the Foundation Board, Faculty and Senior Staff to advise him/her on decision making and policy development.

#### Article 11 – President Selection and Term

The proposal for the appointment of IMD's President is developed by a special search committee that includes the Chairperson, two additional Supervisory Board members and three (elected) members of Faculty (2)/Senior Staff (1).

The President is appointed for a term of five years. He/She will indicate to the Chairperson whether he/she wishes to renew or not renew his/her contract at least 18 months in advance of the termination date of his/her term. Should the President wish to renew his/her contract, the Chairperson will initiate an internal review involving consultation with the Faculty and the Supervisory Board in a way that ensures due process and continuity of IMD's business activities.

In extreme circumstances, a President can experience massive lack of Faculty and Senior Staff confidence in his/her leadership. Under such circumstances, and supported by the written concern of either a majority of the full-time career Faculty and Senior Staff members combined or a majority of only the full-time career Faculty members, the Faculty representative of the Foundation Board will undertake a systematic review of the sentiment on campus regarding continuation of the President's contract and report on this to the Chairperson. The Supervisory Board decides whether to terminate or support the President's remaining planned term of office. Should the President leave office without completing the term, the Supervisory Board will appoint an interim President out of three internal candidates proposed by Faculty and Senior Staff. In such a case the Supervisory Board will – in consultation with Faculty and Senior Staff – decide the procedure to elect a permanent President within 18 months at the latest. If warranted in the interest of continuity of IMD's business activities, the Supervisory Board can extend the interim presidency by one additional 18 month period.

#### **Faculty and Senior Staff**

#### Article 12 – Role and Responsibilities

In the tradition of IMD, Faculty and Senior Staff have a strong influence on and share the responsibility for IMD's vision, strategy and management.

Faculty and Senior Staff meet regularly with the President and his/her team to ensure transparency and support alignment, and to discuss and challenge developments and significant issues facing IMD. At least once a year such a meeting should take the form of a longer retreat with focus on strategic themes. The agenda of these meetings is decided by the President based on input from Faculty and Senior Staff.



Whereas Faculty and Senior Staff meetings have no direct decision making authorities, they elect delegates to represent them in IMD's governance structure and processes as defined in respective policies.

Specifically, Faculty and Senior Staff are expected to :

- Ensure together with the President and the Executive Committee that the institution develops and succeeds in line with its vision and strategies.
- Work with the President and the Executive Committee to create mechanisms and processes that permit the opinions of the stakeholders to be adequately and appropriately considered in the management of IMD.
- Constantly strive for excellence in delivering programs to learning partners and in working on R&D themes.
- Suggest initiatives to foster innovation and thought leadership.
- Support the President and the Executive Committee in the achievement of the financial objectives.
- Uphold IMD's values.
- Elect members of the Faculty and Senior Staff to represent them in key policy committees.

In addition, Faculty will elect a representative from amongst its members for appointment to the Foundation Board of IMD.

In case of termination without notice, or non-continuance of an open-ended contract, the Faculty member concerned can appeal against the decision by writing to the Chairperson of the Supervisory Board within ten working days of the President's decision. Both the Faculty member and the President will present their respective cases to the Chairperson of the Supervisory Board in writing. The Chairperson of the Supervisory Board needs to establish an Arbitration Committee involving one member of the FPC, two members of the Supervisory Board and the Faculty Representative on the Foundation Board to resolve the difference. In this case, the Arbitration Committee will submit a report to the Chairperson of the Supervisory Board, who makes the final decision.

## **Advisory Councils**

### **Article 13 - Executive Education Advisory Council and Alumni Advisory Council**

The Executive Education Advisory Council provides feedback, input and advice to the President and the Faculty regarding educational design and content of IMD's offering. It is constituted from amongst its clients and its Chairperson and members will be invited to serve by the Chairperson of the Foundation Board on the suggestion of the President.

The Alumni Advisory Council facilitates communication between the alumni community at large, the IMD Alumni Clubs and communities and the President and IMD's Alumni Relations Office. It is constituted from IMD's alumni and is led by the Chairperson and Vice Chairperson. The President appoints the members to these roles. The Chairperson is appointed for a period of three years.



## Financial Management

### Article 14 – Capital and Reserves

IMD's financial resources include a paid in capital of CHF 40'000 and its reserves built up over time. It funds its operations and growth out of its own means. IMD strives to maintain a healthy balance sheet with adequate reserves and the absence of long term debt. Incurring debt beyond the normal course of business is only permissible on an exception basis.

### Article 15 – Reserve Management

IMD's financial assets are managed in a prudent way with clearly articulated goals and within defined return-risk parameters. A « special reserve for difficult times » allows it to fulfil its obligations at all times and under any circumstances.

## Amendment

### Article 16 – Amendment

These IMD regulations replace the Rules of the Foundation from 14 November 1989 (amended on Nov.2 1995). They can be changed by the Foundation Board based on a proposal of the Supervisory Board and after consultation with the President and his/her Executive Committee, as well as with Faculty and Senior Staff. The Surveillance authorities of the Canton de Vaud will be notified of changes made.

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Approved by the Foundation Board at its meeting on 18 November 2010.

Amended on 13 November 2014, 19 November 2015, 15 November 2018 and 5 November 2020.

Michel Demaré, Chairman of the IMD Foundation Board

Hanne de Mora, Vice-Chair of the IMD Foundation Board