



# Governance

Sandy Brinsdon from TalentFinders in Christchurch, is experienced with the complexities of Governance and what makes a good Board tick.

When it comes to Boards and their role, it can be surprising how similar issues are, even across a variety of boards. Whether dealing with small or large entities, corporate or not-for-profit, newly established or mature organisations, similar issues frequently surface.

The question then is how to address these issues while managing different organisational structures and requirements?

It starts by clearly defining what governance is really about and that does not change regardless of which organisation is involved.

## What is a board member's role?

It is extremely common for people to find themselves on boards not knowing what is actually required. Firstly there seems to be an assumption, particularly strong in the not-for-profit sector, that if you are prepared to put your hand up, and have a few professional skills (especially financial or legal), you will make a perfect board member.

Many do, but there is still a need for training and guidance in understanding governance. For some reason there is an assumption that governance is not a job that needs to be learnt, that if you have been, for instance, a manager, you can suddenly and easily make the transition to governance.

Therefore board member induction (if any) is often run by the manager and limited to meeting a few staff and reading an old strategic plan. The most important issues, such as how the board and organisation functions, what they stand for, how they connect with the community and shareholders, or what they are truly exist for are never mentioned.

The first challenge for many smaller agencies is to understand whether or not they are of a size and

capacity to have a separate governance structure. It may be necessary to still have some board members actively engaged in the day-to-day running of the organisation. This can be defined as 'a management committee'.

This is a completely appropriate structure for many agencies as they are growing, but do not yet have sufficient resources to enable management and governance to be totally separated. Confusing the role of a management committee with a governance board is extremely common.

## Who does the board serve?

The first question that needs to be asked of any board is 'to who are we truly accountable?' Despite the obviousness of the question, it is often overlooked. Many boards may know there is a community of interest out there somewhere but their focus is clearly on the organisation, staff and clients/customers.

Agendas are set by the staff, they meet to approve management proposals, they look in great detail at financial budgets but never quite ask questions such as 'is the organisation solvent?'.

They are all too easily distracted by very small items, such as the look of a brochure or arrangements for an upcoming event, missing out conversations around new political directions impacting on the organisation.

All of this activity can give the impression of accountability to staff or clients that receive services. But in reality the organisation should have a much broader ownership of people to whom they are accountable. Think of it as the community of interest that receives some benefit because you exist (not just in a client or customer way).

Take the example of schools. While many may feel

they are there for the benefit of the students this is only a small part of the broader community the school is there to serve. This broader community might include families both current, past and future, businesses in the community and the wider community members impacted on by the behaviour, contribution and community mindedness of the students. If a board only sees responsibility to the students (and their families) currently in the school they are not taking into account the broader ownership.

### Ownership one-step down not management one-step up

So why try and define who your ownership is? Primarily because boards are there to ensure the wishes and views of that ownership are captured in the direction of the organisation. Defining ownership can be done by:

- 1 Clearly identifying the purpose (defined below)
- 2 Setting boundaries around things seen as unacceptable for management to allow to happen, such as getting into debt, mistreating clients or staff or breaking the law.

You are now no longer seen as management one-step up (approving and reacting) but are now ownership one-step down (leading and directing).

The other reason boards need to be connecting with ownership, is that no matter how many people sit around a board table it can never be truly

representative of the much broader ownership. So it is important to find ways of getting greater input through other channels.

At the next board meeting take 10 minutes to see the broad range of perspectives from the people around the table, it can be surprising what people learn about each other. Follow this up by looking at the perspectives of your ownership group. Note that this is about perspectives not skills, boards can acquire skills in terms of advice if they need specialist knowledge.

### Expanding on purpose

Many organisations have visions, missions and strategic goals to achieve purpose, but they have been developed in house and often either provide too broad a direction or constrain the manager if a more effective option comes up during the year. For example a communication method identified in June may no longer be appropriate in November.

In order to help manage this, the 'Ends' concept can be employed. This takes 'purpose' just a little bit further by forcing some level of choice or prioritisation. Defining the 'Ends' of an organisation requires the board to be clear on three factors:

- 1 What difference or outcome will your organisation achieve?
- 2 For whom?
- 3 At what cost or priority?

*...please turn to page 18 for the rest of this article*

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## Eyes on the Prize continued...

### The Home Straight

With the full support of the trust, foundation and society boards, we were then able to ask all our benefactors for their financial support. Rowena Danziger AM wrote to every foundation donor, enclosing an image of the work and a pledge form with each letter. The response was staggering – not just from benefactors, but also from members, volunteers, staff, artists and the visiting public alike.

By 30 June 2009 the Cézanne was paid for in full, and all donors were thanked in a variety of ways including personal phone calls, letters and invitations to special functions.

### How the Race Was Won

## Governance continued...

These can be hard for a board to define, but essential if the board is truly intent on directing their organisation or business. If 'Ends' are clearly defined it provides managers with the ability to get on and achieve them without having to keep coming back to the board before they can act.

One example is of a group that identified they were about stopping young mothers smoking. After asking a few 'why' questions it became clear that the difference the organisation and funder wanted to make was creating smokefree environments for babies. Clearly defining the organisation's 'Ends'.

- 1 What outcomes (smoke free environments)
- 2 For whom (babies)
- 3 As our first priority

This analysis had a profound effect on the organisation's work. The GM quickly reconfigured the organisation services to focus on educating families that by smoking outside they would immediately help protect their babies from the direct harm of tobacco.

Contrast this with current decision making which is usually either very personally driven, "seems like a reasonable idea, but when I was a manager we would have done it this way....." or based on how competent you feel the manager is, "if Mary has looked into this she is the one who know best, so it must be good".

Either way you often assess things outside of the wider purpose of the organisation.

We attribute the success of the capital campaign to the following key factors:

- The enormous popularity of Edmund Capon.
- The gallery's 'institutional readiness' to mount such an ambitious project.
- The leadership provided by the trustees, who commenced the giving.
- The gallery's large base of benefactors, who are well versed in giving and were amply 'primed' for the 2008 campaign.

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Take for example the group who recently approved the purchase of a piece of equipment, say a new trampoline, as it seemed urgent at the time, but actually it was of much lower priority than developing the new leadership programme for youth which was not as urgent but much more important and can now not occur. When boards act like this it keeps the manager guessing and/or waiting for approval before they can act. By making the 'Ends' clear the board directs the manager what to do without unnecessarily meddling in how to achieve those 'Ends'.

Board members often overlook the fact that they meet maybe once a month for just a few hours. They have to let the manager make the decisions on the 'how' or there is a risk that the organisation will be stymied by well meaning but interfering board members who are only seeing part of the picture.

At your next board meeting, take some time to discuss whether or not you have a clearly identified 'Ends' that can then be set for your manager to achieve. If this is not currently possible, who in your broader ownership community do you need to talk with to help inform you?

Make sure there is room for these discussions across the year by developing an annual meeting schedule with identified topics, monitoring etc, proactively driven by the board. This way you can begin to truly govern effectively, looking outwardly instead of reacting to internal operational matters much better managed by those employed to do so.