

## How's your governance team?

*Getting your governance team right can be the key to extraordinary success in any organisation. NFPs and charities have some unique features in this regard. To really succeed they also need to heed governance best practice. We look at some key issues, key challenges and tips to assist your governance team to be an enduring success.*

I've recently had cause to consider some big governance issues in two organisations I am involved with. The catalysts of both being totally unexpected events that have shaken up the governance structure. While thankfully these have not caused big problems due to having had some good governance in place, it is always interesting how the unexpected can highlight holes, or in more positive language; further opportunities to improve!

Accordingly I thought it may be helpful to highlight some governance best practice...which all too often is not common practice.

### Getting the governance team right

One of my former partners used to love to trot out the phrase; A fish rots from the head down! He would positively delight in using this phrase at every available opportunity when wishing to shock and make a point about the importance of governance and the governing body being responsible for all. It always struck me as a rather gruesome analogy but interestingly, one that always seemed to work in terms of grabbing people's attention. (As an aside I am not actually sure if the analogy is technically correct as I always thought it was the guts that rot first in any dead creature...but to split hairs would be to spoil the impact of the point...and a point often well made).

The point of the phrase is that the governing body is the key to driving a successful organisation. An organisation will never be effective if it has an ineffective governing body. While true that some organisations have great management and staff and systems; if the governing body is ineffective, then eventually, or sometimes all too quickly, the organisation will be negatively impacted. The governing body sets the culture. They set the tone. They are responsible for setting the strategy and then ensuring management is appropriately resourced to deliver it, to monitor progress, and to take remedial action when necessary. They are the primary stewards for why the organisation exists and the responsibility for it delivering on its aims ultimately lies with them. No pressure!

### Key to a good effective governing body in my view are 4 things:

1. Getting the right people on the bus
2. Ensuring they know what they have to do when on the bus, i.e. clarity as to their roles and responsibilities, often achieved through delegated authorities, specialist committees, policies and procedures
3. A feedback loop for those on the bus – i.e. giving governing body members occasional objective feedback on their performance
4. Planning for the next people to get on the bus

So let's unpick these 4 a little further.

### Getting the right people on the bus

There are no "one size fits all" criteria set for the perfect governing body member. Also, different organisations, and even organisations at different points in their life cycle, will require different skillsets

and experience mixes. However in my experience there are some common key features of great governing body members: motivated & committed, objective, appropriately skilled and experienced in a particular area or areas, ability to question thoughtfully, ability to speak their mind, a desire to see organisational improvement and possessing a strong ethical compass.

There is also the question of mix. What skill sets are needed? A great way to address this is to look at the nature of the organisation, what it does, its purpose and strategy, where it is at in its organisational development, & what resources it has and what it is in need of.

Commonly needed board skills include: experience in whatever discipline it is that the organisation is involved with (eg mental health, sports etc), accounting & finance, legal, marketing and communications. Not surprisingly fundraising expertise is growing in importance in our increasingly competitive environment for NFPs and charities in New Zealand. An often underrated skill is door-openers for whatever key areas you may be involved in eg Government, industry linkages, high net worth donor community connections. Youth input is also increasingly being recognised by some boards in an effort to connect with their future demographic.

Once the list of ideals is completed, next complete a skills matrix as a stocktake of where you are now and to identify possible additional skills needed. This process allows boards to better plan for succession. Given that the ideal skills list can often be quite long it is good to identify individuals who represent more than one category. Hence you get better leverage for the organisation and don't end up with an unwieldy large board.

This is a simple exercise but one that requires a good brainstorming session and open minds. Also important is an ability to detach from the existing situation. Also important is to not be seduced by easy solutions – people who may be close at hand but ultimately not ideal.

### **Knowing what to do when on the bus**

Policies and procedures are generally the answer. While often unsexy, clarity in what the organisation does and how it does it can save a lot of governing body and management angst. Importantly, good policies and procedures can also assist with objectivity and remove confusion and unnecessary emotion from debates. Being clear on what is expected and what is not allowed helps organisations stay on track. There is nothing better than being given a good guide to the bus when one steps aboard. Yet so often induction programmes are at best minimal if they exist at all.

### **Feedback for those on the bus**

Feedback is the breakfast of champions! How true. Even governing body members need some form of feedback loop so that they can receive indications of what they should do more and less of. Interestingly this is often not done or very spasmodically. Maybe there is an assumption that by the time they get to the governing body they are omnipotent!

Interestingly governing body members who have not been subject to any formal feedback regarding their performance in their role can sometimes adversely react to such a suggestion. However if this is just a normal part of the organisation's policies and procedures and this is presented as such to governing body members at their induction then this "problem" usually disappears.

### **Planning for the next people on the bus**

Succession planning is key. Organisations change over time and so should those involved if the organisation is to be best placed to meet the current and future environment and challenges presented. Key aspects of succession planning include clarity around how long one is expected to serve and how rotations are addressed. Emergency succession planning is also wise in that there should be some thought given, and ideally clarity documented, around who steps up or the process for addressing unexpected changes in the governing body – for example to cover someone leaving at short notice. Succession should be refreshing. It is a great opportunity to reassess what may be needed (see skills matrix above) in light of changing circumstances and to plan to best address this.

With your governance bus now having the right number of the right people on board, steering it in a clear direction, you are heading towards success. The road may still have challenging turns, potholes and other hazards, but you can take comfort that you are road-worthy and ready to meet these head-on - happy travels!



### **About the Author**

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