



Sandy Thompson
sandy@lead.org.nz

Governance In Not for Profit Organisations

LEAD

CENTRE FOR
NOT FOR PROFIT LEADERSHIP



A good Board is a victory, not a gift
(Cyril Houle)



- Defining governance
- Roles and Responsibilities of Boards
- What effective governance looks like
- Building a board culture of accountability and impact
- Navigating the manager/board relationship

gubernare
to steer (as in a boat),
to guide, to govern.



To govern is to steer,
to control, and to
influence from a
position of authority.



Why have 'em?

Democracy and community self determination

Oversee and guide the organisation's operations

To ensure the organisation:

- Fulfils its mission
- Serves the community it was created to serve.
- Complies with all legal and regulatory requirements,
- Operates in a manner that is consistent with its mission and values
- Is accountable to its stakeholders

How does your board
value to your club?



- Practical help
- Political advocate
- Buffer
- Values guardian

Sharon Harlan & Judith Saidel (1994). "Board Members Influence on the Government Nonprofit Relationship" *Nonprofit Management & Leadership*. Vol 5, No 2: 173-196.





**What do boards
actually do?**

Boards

- Accountability
- Employment
- Strategy and policy
- Safeguard resources
- Link and buffer to the external environment



Key functions of Boards

Chris Cornforth 1995

Strategic leadership

Strategic thinking, setting overall direction and major policies by which the organisation operates.

Stewardship

Looking after the financial, human and physical resources of the organisation.

Being accountable for assets, ensuring management behaves in an appropriate & accountable way.

Ensuring quality of services provided.

External relations

Building and maintaining relationships with important external stakeholders.

Protecting the reputation of the organisation.

Working outside the walls of the organisation

Maintenance of the Board itself

Maintaining, running and developing the Board itself to ensure the governance body adds value to the organisation's effectiveness.

1. Mission, /values, /goals, /strategic priorities and performance assessment
2. Fiscal and legal oversight
3. Manager selection and evaluation
4. Community relations
5. Resource development
6. Management systems
7. Board self management

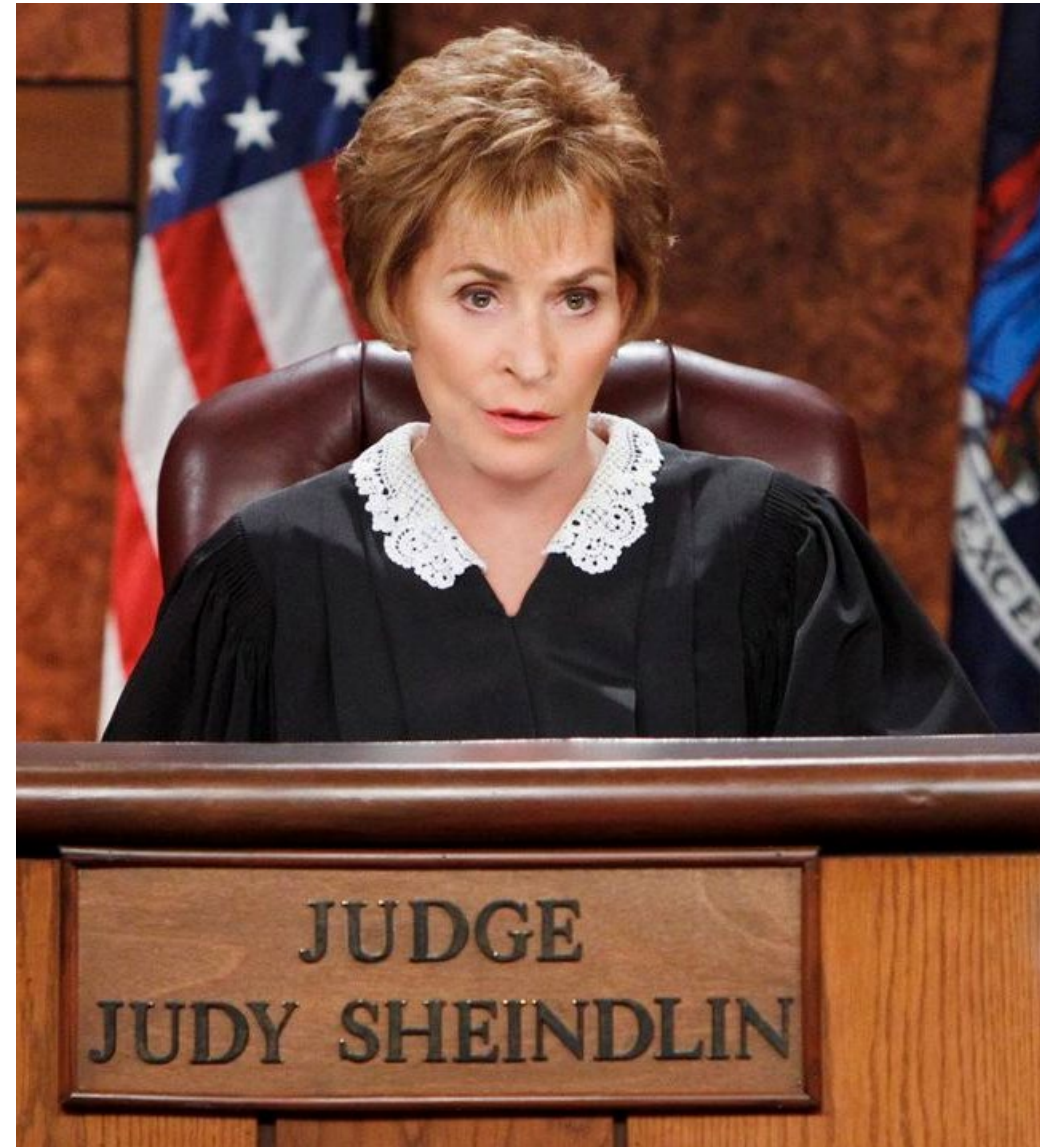
7 Common Responsibilities

Get off of the dance floor and
on to the balcony...



Disclaimer

- Sandy is not a lawyer
- Sandy is not giving legal advice



Liabilities of board members

Can lose protection of incorporation where:

- act outside objects/purposes
- commit an illegal act
- act for personal gain

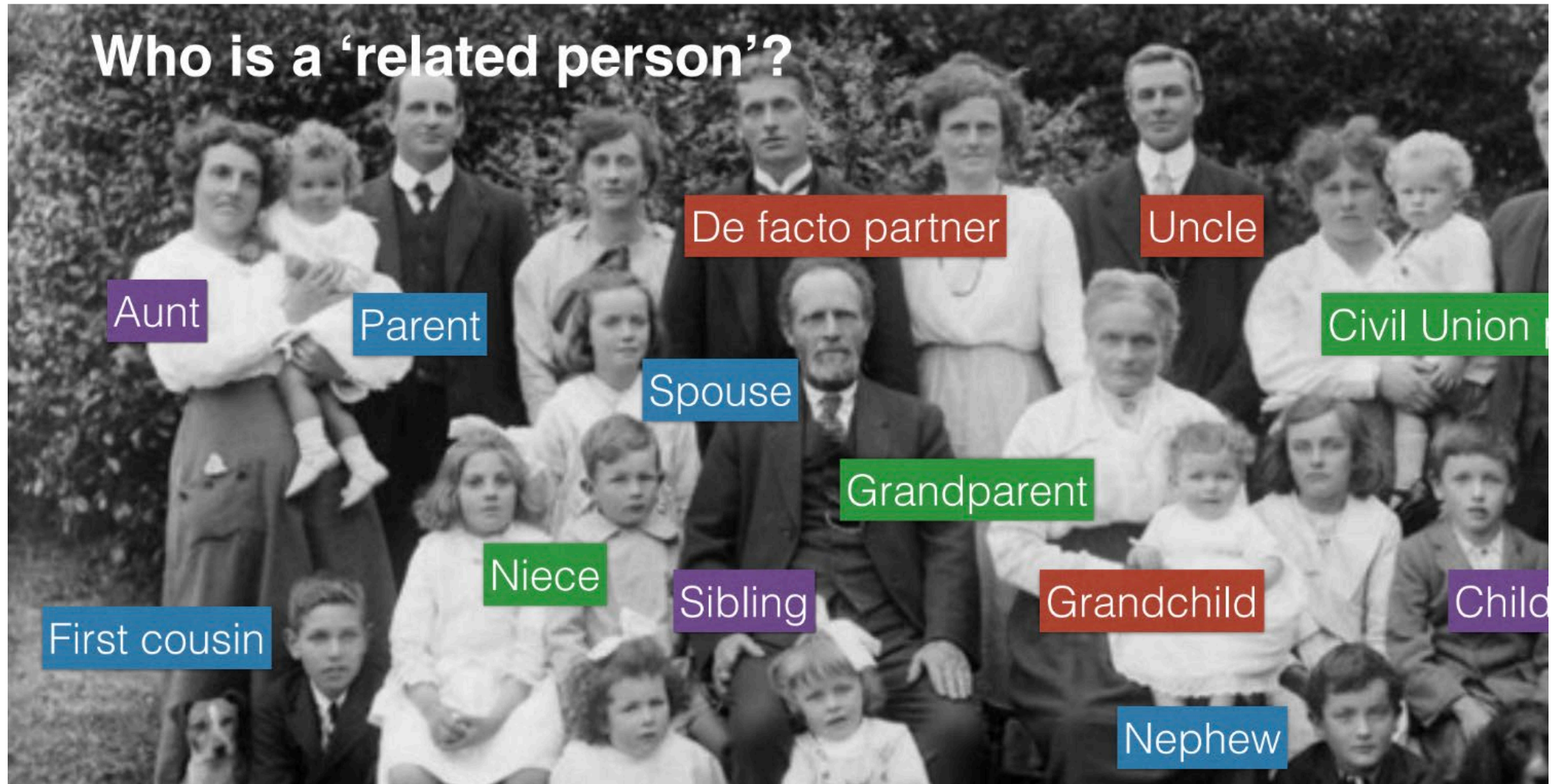




**What is a
conflict of interest
actually?**

*When there is potentially a
conflict between what's best for you (your
interests) and what's best for the organisation (the
organisation's interests)*

Who is a 'related person'?



Conflicts of Interest



Declare it



**Don't
Influence
decisions**



**Pay
market
rates**

Board decides:

- Can participate in discussion and vote
- Can participate in discussion and not vote
- No participation



How do boards go about it?

A group of approximately ten people are seated in a circle in a meeting room. They are engaged in a discussion, with some holding papers and others looking towards the center. The room has wood-paneled walls and a large window on the left. A banner is visible on the left side of the frame. The text "Meetings are where the work of boards is done" is overlaid in the center of the image.

**Meetings are where
the work of boards is done**



- Boring meetings one of the top 4 complaints of Board members

Robert's Rules of Order



Adjourn
Motion
Agenda
Minutes
Amend
Table
Question
Indefinitely
Postpone
Commit

Alternative Meeting Agenda

Item #	Item	Responsibility	Purpose	Process	Timing
1	Opening - welcome, apologies	Chairperson			5
2	Statement of conflicts of interests	Chairperson			5
3	Conference	Coordinator	We have 3 options for venues. <i>See Pros and Cons in Coordinators report</i>	Decision	15
4	Events coordinator role	Coordinator	We are about to hire a new events coordinator. Where does the board want to prioritise the persons skills and experience? <i>Refer to the annual plan.</i>	Discussion	30
5	Elemental Trust Funding	Facilities manager	The trust has changed the criteria for its funding which will impact on how we apply	Information	5
6	Icarus Foundation	Coordinator	The funding allocation is less than expected. This will impact on the fundraising plan – how does the board want to proceed	Discussion	15
5	Coordinators Report	Coordinator	Does anyone have any questions or concerns Financial reports for month	Discussion	20
6	Financial report	Treasurer	We need to choose a new auditor as Smith and Jones are no longer available. Options are on the financial report Any questions or concerns re the report?	Discussion Decision	10
6	Minutes of the last meeting	Chairperson	Need to approve and decide what to do about any outstanding issues.	Decision	5
9	Has this meeting added value to the organisation?	Chairperson	Quick evaluation on our process – any suggestions for improving next time	Discussion	5
10	Next meeting and closure	Chairperson		Discussion	10

Creating a Culture of Mutual Accountability

What does it look like on a board that is working well?



Board Charter

What rules/expectations do we need in place, so we function well and make the best possible decisions as a group?



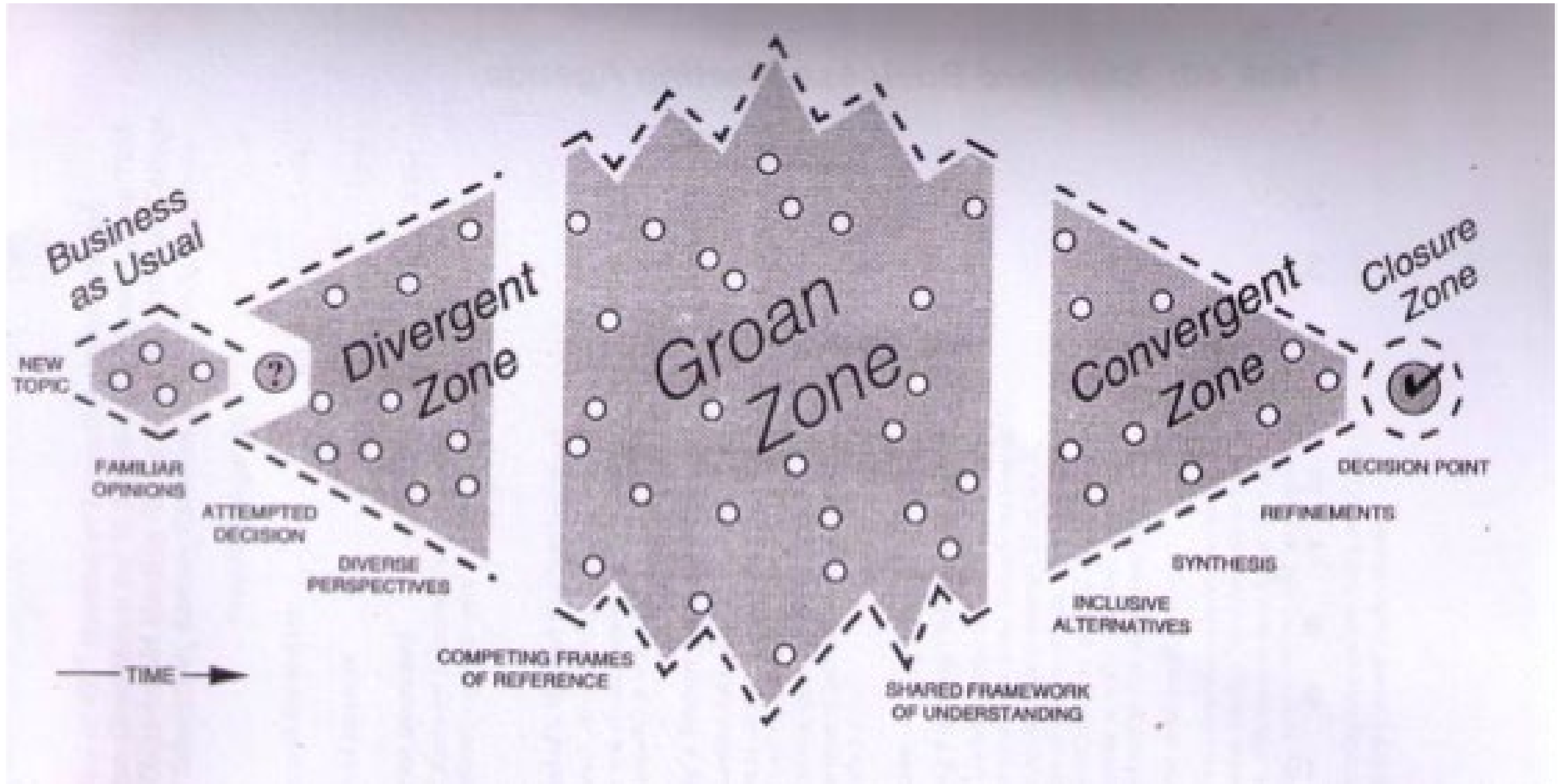


Encouraging Participation

Respond to

- barriers of self-censorship
- ‘fixed positions’
- win/lose’ mentality
- over-reliance on authority

Dynamics of group decision-making

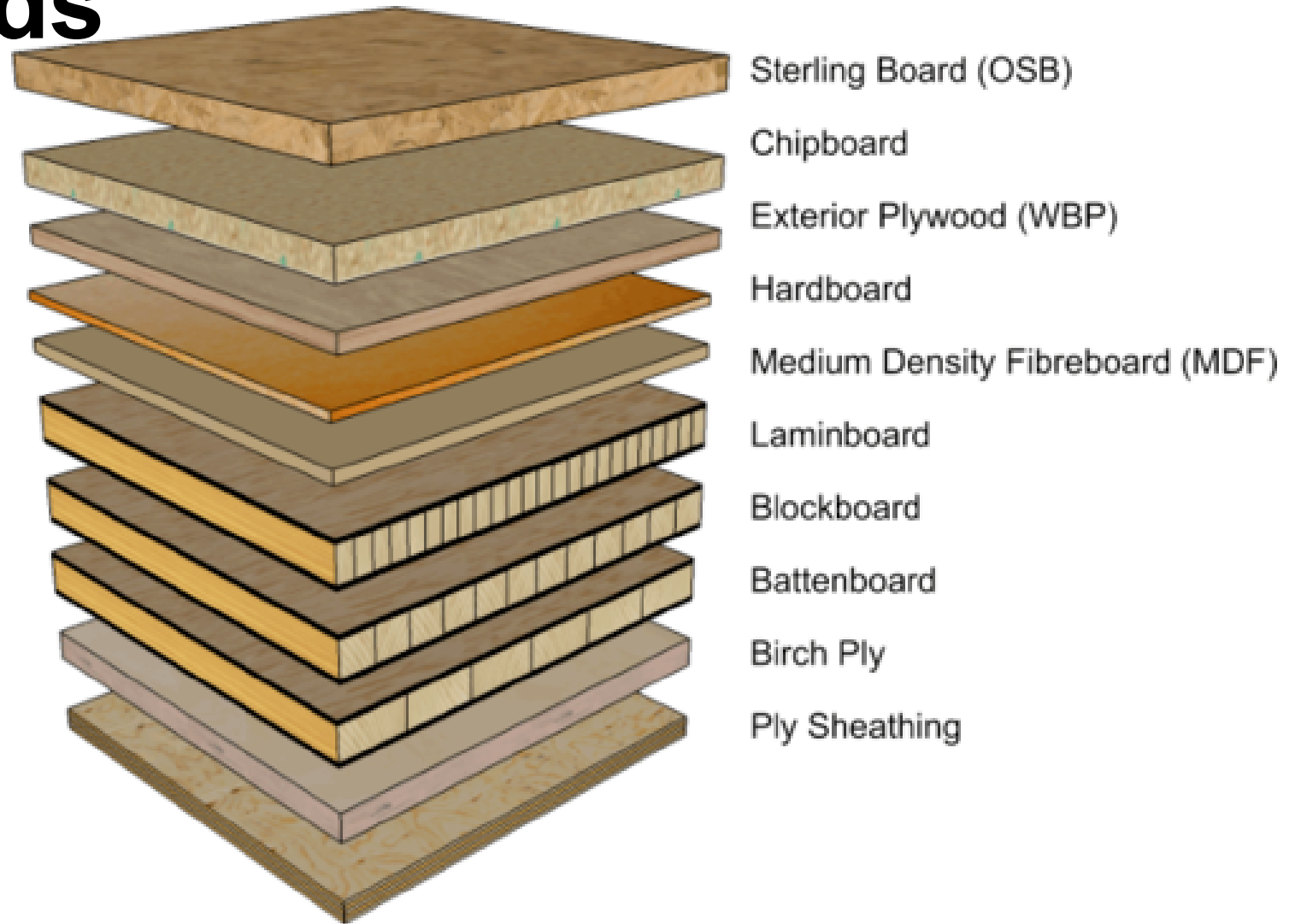


Board Review

- What helps us carry out our governance well
- What gets in the way of us governing well?



Types of Boards



Carver


The Board should set

- 'ends' policies
- 'limitations' policies

Leave the rest to management.

'Arms Length' governance

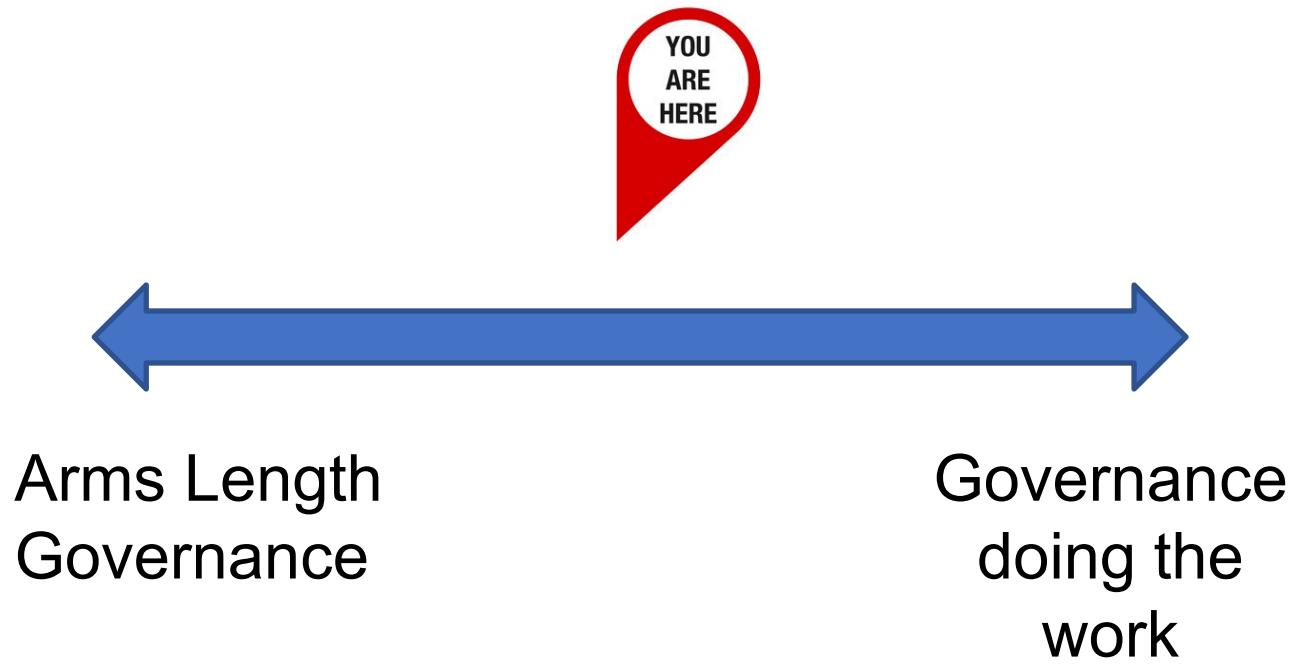


- 
- A group of six children are playing soccer on a green grassy field. They are wearing red and blue jerseys. A soccer ball is on the ground in the foreground. The background shows trees and a bright sky.
- Set direction
 - Organise resources
 - Ensure monitoring of activities
 - Respond to problems
 - Respond to opportunities

- Representation of community served
- Participation and skills development

Community Management Model





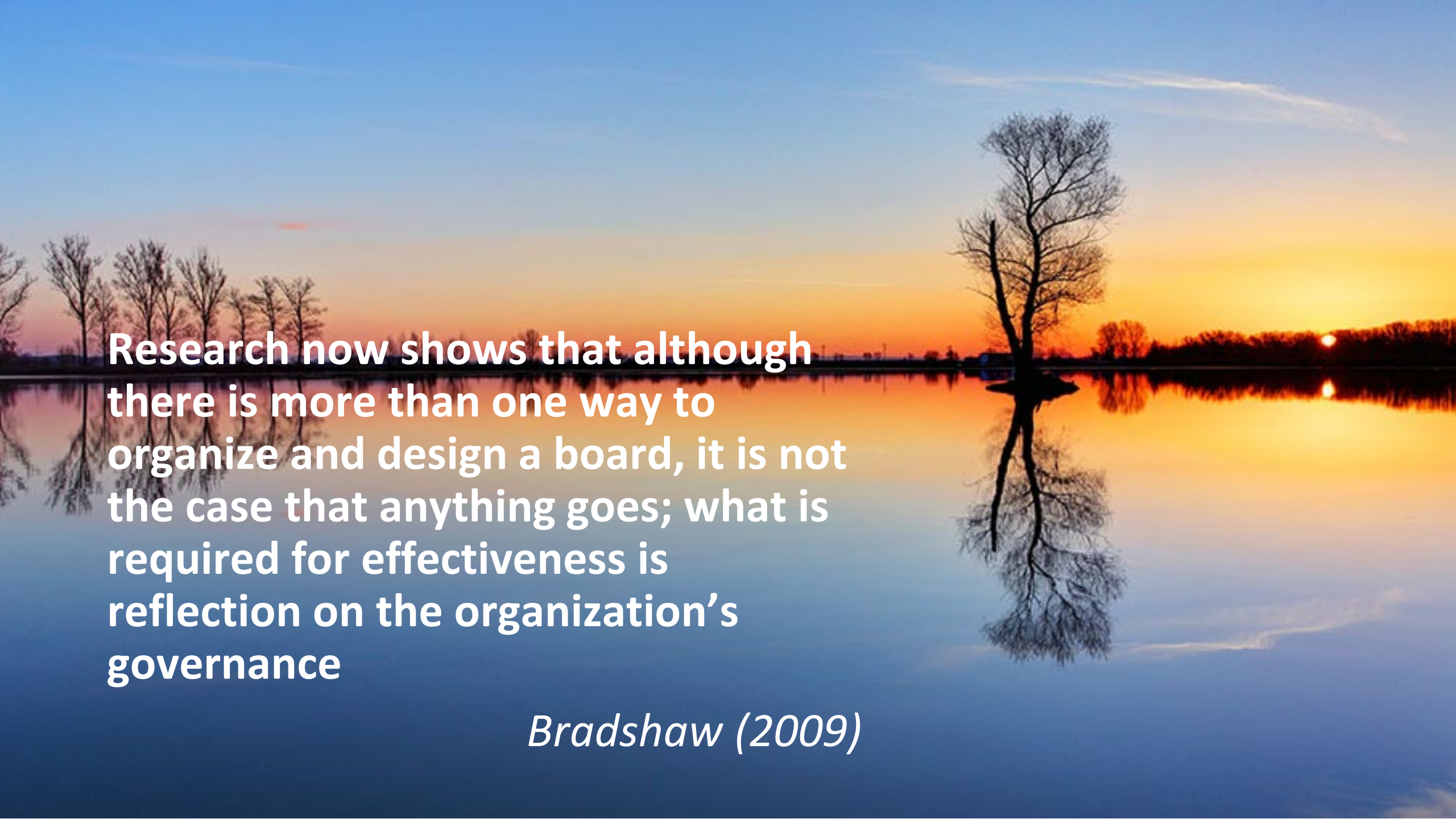


RIGHT

WRONG

DEPENDS

- Age
- Size
- Structure
- Strategy



Research now shows that although there is more than one way to organize and design a board, it is not the case that anything goes; what is required for effectiveness is reflection on the organization's governance

Bradshaw (2009)

Challenges for Boards

Extensive responsibilities	VS	Voluntary & part-time activity
Need to be efficient & effective		Need to involve different stakeholders and be accountable
Governance Leadership		Skills based recruitment to alleviate capacity and confidence issues
Good of the community		What's good for the organisation
Constituency		Organisation



North 1995



So, what does good
governance look like?

LEAD

CENTRE FOR
NOT FOR PROFIT
GOVERNANCE & LEADERSHIP

Non-profit and Community Governance: Mana whakahaere o ngā uepū utu-kore me ngā uepū ā-hapori



Photo of an actual board

Why boards micro-manage

- Board has no clear sense of its role and members think this is what they should be doing
- The Board has no policies (rules) or guidelines that show what staff should be doing and what Board should be doing
- Management of day-to-day work is what Board members know from real life
- We've invited them on to the Board to do a task, not lead
- Remnants of crisis
- FEAR

No 'one size fits all' approach

A number of the high performing boards prefaced their conversations, often a little guiltily with a confession:

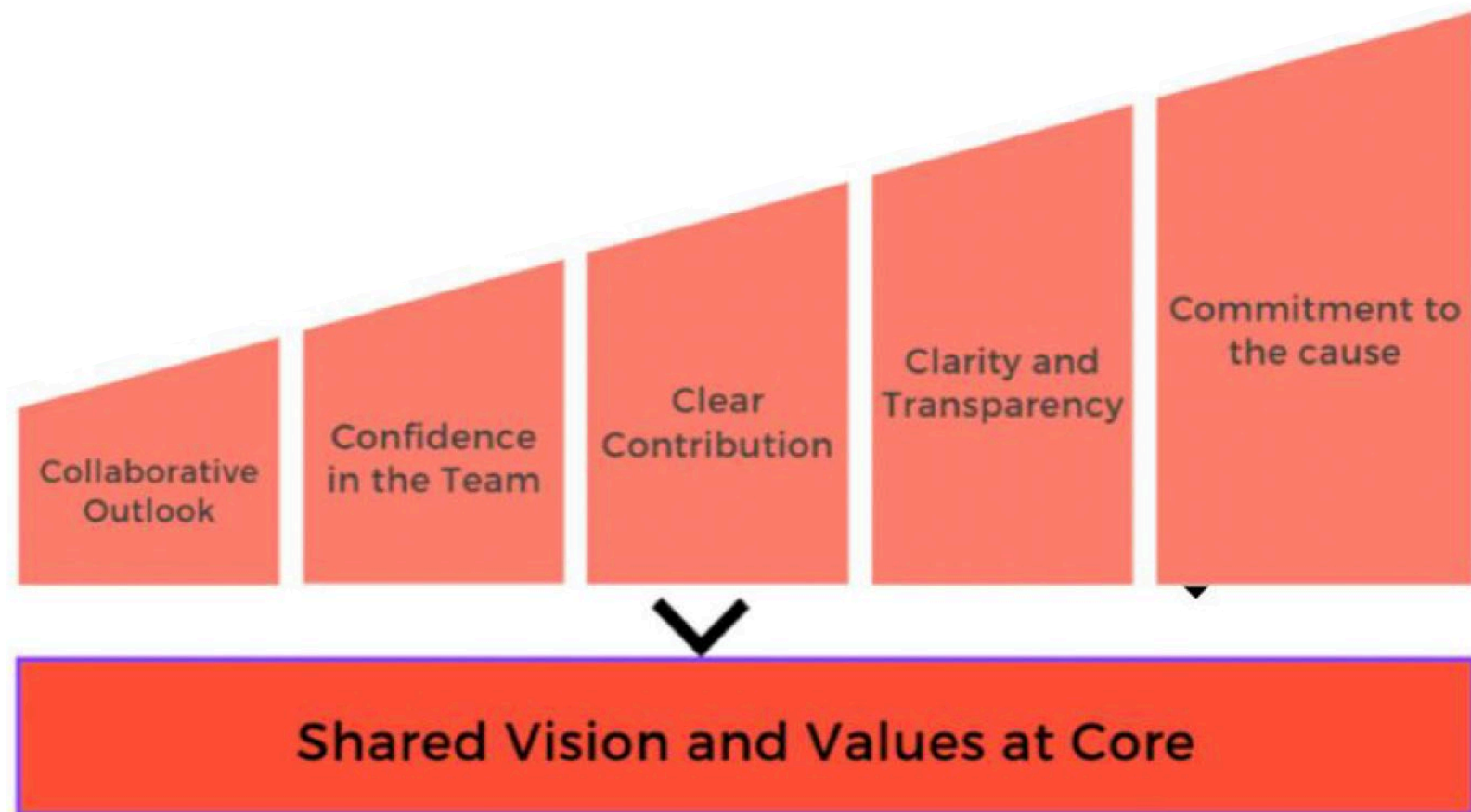
“we don't always follow the rules”

“we are not like other boards”

“we don't always do what boards are supposed to do”



Lessons for Good Governance for Non-Profit and Community Organisations in Aotearoa New Zealand 2021-2022





Today, the generally accepted rule of thumb is that

boards are primarily to “**govern and support**”
& **chief executives** are primarily to “**manage**”.





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Common overlaps

Whose role is it to . .

- Hire new staff?
- Be the spokesperson for the organisation?
- Write policies?
- Write, file, and distribute the minutes?
- Find new board members?
- Set staff salaries?
- Deal with complaints?
- Sign funding contracts?