August 2005

the**Board**builder

Inspiring and informing better Boards & better Board members.
Exclusively for members of not-for-profit Committees and Boards.

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Board & Committee Resources
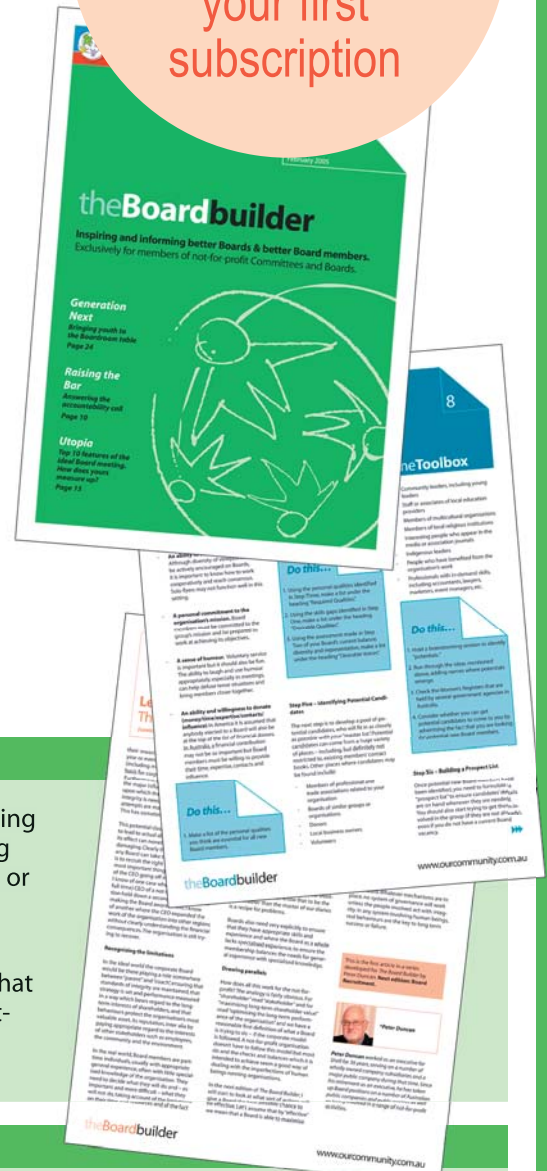## Building great boards

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The Board Builder is a quarterly newsletter that offers a new voice and a comprehensive, practical approach to all issues faced by not-for-profit board and committee members.

The Board Builder ensures board and committee members are aware of their duties and responsibilities and can access the knowledge, skills and best practice examples that can help them to make a difference in their own organisations.

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No time to read it all now?
We have distilled all the essentials from the Board Builder
in one bite-sized grab. *The Good Oil* **– page 39**

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Welcome
By Rhonda Galbally

RHONDA GALBALLY AO
Chief Executive Officer
www.ourcommunity.com.au

Welcome to the third edition of the **Board Builder** – a newsletter exclusively for non-profit Boards and Committees.

Since our last edition we have had the pleasure of staging a very successful Boards Capacity Building Day, which this year served as the curtain-raiser to Our Community's annual Communities in Control Conference. We're happy to report that this inaugural event was a great success, attracting a large number of enthusiastic Board and Committee members (numbers quickly reached the cap of 450) and a fantastic array of speakers and workshop leaders. Among the speakers was Prof. Susan Long, whose fascinating paper on avoiding "groupthink" in not-for-profit Boards we have reprinted in this edition. Watch this space over coming editions as we bring you more of the wisdom from the Capacity Building Day.

The Communities in Control conference also gave us the opportunity to launch a new survey of Australian community organisations, which turned up some interesting results for non-profit Boards and Committees – see Page 6 for details.

The evolving Youth Services Collaboration – a partnership project involving up to a dozen like-minded organisations – is the subject of our CaseInPoint interview this edition, with project manager Graeme West revealing some of the challenges and secrets of success involved in such a project.

Meanwhile, our very popular regular BoardScribes, Catherine Brown and Peter Duncan, continue to challenge us with articles on the Board's role in policy-making and staff supervision, and in evaluating the performance of both itself and individual Board members.

I am also very pleased to introduce a new BoardScribe, Kathy McLean, who runs an executive search practice specialising in the not-for-profit sector. Kathy kicks off a series of three articles by taking a look at some of the things that might go wrong during the recruitment process for a not-for-profit CEO – and how your Board can avoid the pitfalls.

High-profile corporate and non-profit director Catherine Walter lends her thoughts for a new feature designed to provide you with both a bit of light relief and some food for thought. And in yet another first for the *Board Builder*, this edition we have a review of a new book on non-profit governance just out in the US. Our thanks to QUT governance expert Alan Hough for conducting the review.

Our insightful Board Doctor panellists this edition look at how a Board in a small community can overcome some succession issues, while The ToolBox takes us through the seven steps to putting in place a responsible risk management strategy, something I am sure all non-profit Board members will be extremely interested to read given the current insurance climate.

Keep the feedback coming in – we love to hear what you think. You can email all your ideas and suggestions to **kathyr@ourcommunity.com.au**.

RHONDA GALBALLY AO
Chief Executive Officer
Our Community

Head Hunting:
Recruitment lessons for not-for-profit Boards

In the first of three articles on recruitment in the not-for-profit sector, executive search specialist KATHY McLEAN writes that the perfect person for your organisation can always be enticed into your fold – you just need to know how to go about it.

Given that one of the main tasks of a Board is to recruit the CEO, the recruitment process and options regarding recruitment are surprisingly poorly understood by many not-for-profit Boards.

Perhaps one reason is that most Board members have to select a new CEO only once during their term of office, which means that Boards find themselves bereft of experience when they come to this most important task.

In this article I want to explore some of the things I've seen go wrong with senior-level recruitment within not-for-profit organisations, and suggest some things that you can do to avoid the same mistakes.

Situation 1 – How skimping on salary cost time and money

A medium-sized not-for-profit organisation advertised a new position at a senior general manager level. The organisation asked around for advice on remuneration, and was told by sister organisations that someone in that function typically earned about $75,000.

They advertised without citing a salary range, but potential candidates who called regarding the position were told that around $75,000 could be expected. Several candidates lost interest at that point, and in the end three applications were received. None was suitable because the organisation needed quite a special person, not

a 'bog standard' operator in that field. Put off by the proposed salary, no candidates of sufficient quality submitted applications.

A subsequent search process not limited by salary resulted in a very good appointment in the $90,000 range. The recruitment process had taken three or four months longer than planned, and involved the extra cost of an external consultant as well.

Situation 2 – How a good candidate was lost

An organisation undertook its own research to find a good senior general manager candidate. The research went well and three very good candidates were identified, of whom one was outstanding and seemed a perfect fit.

However, on the morning of the final interviews the best candidate withdrew. The organisation hadn't realised that the candidate was facing a number of other decisions, and was getting cold feet. A good candidate was appointed, but the organisation regrets losing their preferred option.

Situation 3 – How a cheap process led to a poor result

A small not-for-profit organisation totally committed to its very disadvantaged clients decided to spend the absolute minimum on its recruitment of a CEO (because, as the Chair said, every cent spent elsewhere is money not spent where it is most needed).

A small ad in a Saturday newspaper elicited 12 responses, half of whom were totally inexperienced in the sector. Two looked only roughly in the ballpark.

Concerned at the lack of obvious quality, the Board approached a friend in an executive search firm and asked if this was the best that the consultant thought they could do. The consultant undertook to conduct a search to find exactly the right person for the role.

The four candidates brought to the client after a month's research were all very experienced, and as a result of extensive discussions with the consultant very enthusiastic about the challenges faced by the organisation at this point in its evolution. The candidate appointed was an acknowledged leader in the sector who hadn't seen the ad and probably wouldn't have applied anyway.

What lessons can be learned from these experiences?

1. **Aiming carefully at a bullseye** is more efficient than a scattergun approach. Finding out who are the proven performers in a particular field or particular specialisation, and then cultivating their interest in the role in question, is a much more effective method of recruitment than putting an ad in the paper and hoping the right person both sees it and applies for it.

Head Hunting:
Recruitment lessons for not-for-profit Boards

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2. It is important not to close down your potential field of candidates too early with **restrictions you might be willing to lift later** if necessary. Salary is an obvious example of this. Potentially good candidates were lost early on in Situation 1 because they were put off by the (unrealistically) low salary quoted to them.

3. Recruitment is about more than identifying the right candidate – it is also about **nurturing** the individual's interest, **encouraging** them, and **getting to know them** well enough to be sure they have the right personality and skills for the organisation, and the right motivation to be a success there. In Situation 2, the organisation simply wasn't talking enough to the candidate in the lead-up to the final interviews.

4. Recruiting on the cheap will get **a result, but not necessarily the best result**. Whether or not this matters depends on the seniority of the position and the stage the organisation is at – in other words, how 'mission critical' it is to get exactly the right person.

In my experience, recruitment is successful when:

• It is the responsibility of a senior person in the organisation (e.g. a Board member) who understands the amount of focused attention and time it will take, and is able to follow through promptly. (A high-quality recruitment exercise will take between 100 and 200 hours. If you don't have that much time to spare, you might need to engage a consultant.)

• It is conducted by someone who understands people – who listens well, asks good questions, wins people's trust and confidence, and is able to make good judgements about the potential fit between an individual and the organisation in question.

• The organisation has, at the outset, a clear understanding of its needs and therefore of the kind of person required at this point in time and for the foreseeable future – e.g. a 'people person', a cost-cutter, a strategist, a strong operational person, a marketer or fundraiser, a change agent, a qualified accountant – the range of focuses and specialisations is enormous, and a good match is essential.

• The organisation has an accurate view of its standing in the market and a good understanding of the career opportunity that the position presents to a potential candidate.

Recruitment isn't rocket science, and you don't necessarily require an external consultant to do it (although a good consultant, if you can afford it, can save you time and money, and add the valuable perspective of an experienced outsider). It is just a process, which when followed conscientiously by a person with the right kind of skill will match the right individual with your organisation and requirements.

The chance of getting the right result is maximised the more you treat recruitment as 'search' rather than 'advertised selection'. The perfect person for your organisation can always be found and enticed into your fold; it's just a matter of knowing how to do it.

Kathy McLean

*Kathy McLean runs an executive search practice specialising in the not-for-profit sector. She spent five years on the Board of a professional association and is on the Board of the Victorian Institute of Sport. More about her can be found online at **www.penrhyn.com/Default. aspx?tabid=41** .*

Words of Wisdom

"There are two kinds of people, those who do the work and those who take the credit. Try to be in the first group; there is less competition there."

Indira Gandhi, Indian Prime Minister, 1966-1977 and 1980-1984

Get on Board
Give us your time, community groups say

Board service is a valued more highly by Australian community groups than financial contributions, a new survey reveals.

More community groups would prefer people to join their group as a member, serve on the Board, contribute to lobbying efforts or sign up as a volunteer than give money, a new survey of Australian community organisations has found.

The *State of the Community 2005* survey, which was conducted by Our Community in June, revealed that time-based contributions, including offering to join the group's Board or Committee of Management, were valued above financial contributions.

"Self-assessment was an issue that appeared to have slipped under the radar for many community groups."

Despite the often cash-strapped status of the not-for-profit sector, just 21 per cent of respondents said that giving more money was the most valuable contribution the community could make to their group, compared with 28 per cent who nominated Board/Committee service as the most valuable.

The survey also revealed that self-assessment was an issue that appeared to have slipped under the radar for many community groups, with 37 per cent of respondents saying their Board/Committee had never undertaken a self-evaluation exercise.

However 63 per cent of the 350 respondents (comprising 63 per cent community group staff/management and 23 per cent Board/Committee members) said their Board/Committee was doing a good job of being accountable to the organisation's

stakeholders and 65 per cent thought they were fulfilling their fiduciary duties.

Only 12 per cent nominated lack of Board/Committee expertise as a challenge to the organisation (compared with 44 per cent who worried about lack of funding), and just 11 per cent felt the community group could be more effective if the Board was better trained.

Half of the respondents said their organisation had clear lines of responsibility, with the staff focusing on operations and the Board/Committee focusing on governance.

Around 29 per cent of respondents had a Board/Committee that was involved in both operations and governance and 14 per cent said the Board/Committee had a strong role in the day-to-day running of the group.

Just 7 per cent said the staff and the Board/Committee were unclear about their respective roles and responsibilities.

The survey found that more than a third of respondents – 37 per cent – said strategic planning skills would help their organisation's Board/Committee to become more effective. Marketing, public relations and communications, governance, community relations, and fundraising skills were also in high demand.

Our Community CEO Rhonda Galbally said she wasn't surprised that community groups would take volunteers or active participants before a straight one-off donation.

"There's no doubt community groups always need more money but the reality is if they can build support and build memberships, the money will come from that wider network that they have to fundraise into," Dr Galbally said.

Other findings from the survey are posted online at **www.ourcommunity.com.au/ CommunitySurvey2005.**

Jargon Busters

"Positioning Statement"

A written statement asserting an organisation's role in or view on a particular issue.

Blood, Sweat and Fears:
Combating "groupthink" in not-for-profit Boards

Guest**Scribe**
By Susan Long

In March 2002, the HIH Insurance Group collapsed, and the results reverberated throughout the community – insurance claims dishonoured, lost jobs, lost money, a Royal Commission, criminal charges and the jailing in April this year of former director, Rodney Adler.

As organisation dynamics expert SUSAN LONG writes, at the core of HIH's problems were subtle and unconscious processes – assumptions, unspoken agreements, the turning of a blind eye.

In this edited extract of her keynote speech to the June Communities in Control conference, Prof. Long unravels the organisational dynamics that led to Australia's biggest ever corporate failure, and details how not-for-profit Boards and Committees can avoid making the same mistakes.

Not all the stories that emerge when a corporation collapses are about corruption, embezzlement, or anything of that ilk.

HIH's problem was that subtle and unconscious processes were operating – assumptions, unspoken agreements, the turning of a blind eye. The HIH Board gave in to anger and fear.

These are not big financial issues, they are what happens between people when things go wrong.

And in that sense the group dynamics involved are not that different from those in not-for-profit Boards.

At a business level, the problem with HIH was that they were under-reserving – their estimate of claims on past policies were under-priced and could not be met. It wasn't that the money had been taken, it was that it had never been there. The organisation was seriously mismanaged – there was a lack of attention to detail, a lack of accountability for performance, a lack of integrity in their internal processes.

They did things they should not have done. They did not examine the risks that they were putting themselves

in for. They re-entered the American market when the Board knew nothing whatsoever about the risks involved in this – and the Board asked no questions.

They set up in the UK, an environment that neither management nor the Board knew anything about – and the Board made no attempt to examine what it was they were committing the company to.

They acquired FAI insurance – and again, the questioning, the thinking, was not there.

"The organisation had started as a small private company and had ever since then behaved as if that was what it still was, and the boss could say and do what he wanted."

Justice Owen, who conducted the 2003 Royal Commission into the HIH collapse, said that there was "a blind faith in a leadership that was ill-equipped for the task. There was

insufficient ability and independence of mind in and associated with the organisation to see what had to be done, had to be stopped, or had to be avoided. Risks were not properly identified and managed, unpleasant information was hidden, filtered, or sanitised, and there was a lack of sceptical questioning or analysis when and where it mattered."

And there were a range of poor governance issues. There was a lack of process, and no policies or guidelines in many areas where it counted. Sometimes the guidelines that had been established were disregarded.

Importantly, there were no limits to the authority of the CEO. The organisation had started as a small private company and had ever since then behaved as if that was what it still was, and the boss could say and do what he wanted.

- There was a lack of independence and critical analysis by the Board.

- There were (unnamed) conflicts of interest on the Board.

- There was a failure to bring the CEO to account. The flow of information to the Board was poor.

Blood, Sweat and Fears:
Combating "groupthink" in not-for-profit Boards

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- There were concerns that the Board Chairman ignored.

- The agendas they used were not living documents; they used the same agenda again and again, and just went through the motions; and the Board members did not challenge this.

Governance

Justice Owen said this about governance:

"Corporate governance describes the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations. … . (It) embraces not only the models or systems themselves but also the practices by which that exercise and control of authority is in fact effected."

The respected US publication, *The McKinsey Quarterly*, suggests that the three things not-for-profit Boards need to look at are

- the purpose, the task and the direction;
- leadership and resources; and
- monitoring and improving performance.

Purpose and task are really critical. What is the purpose of the organisation? How can the Board run

with that, sustain that, and avoid being distracted by things that divert its attention away from the main task? Sometimes Boards need to take a fresh look at the purposes and the tasks of the organisation. They may have to redefine the task.

"The agenda needs to be re-thought each time to include only the things you need at that time. "

The old system required management to define the problems and the Board to set the policy. There were permanent structures, meetings were process-driven, and the Board was a collection of stars.

If we look at options for a new approach, shouldn't it be a collaborative exploration of the issues? There needs to be more connection between the management and the Board. This is the clear lesson of the HIH case, where the Board did what management wanted. Both should set the policy and implement it, working together.

Structures should be flexible. Instead of relying on a permanent committee that has one function, think how to create small groups to work with the Board that can deal with the task at hand.

Rather than having the meetings follow the same processes every

time, make them goal-driven, so that each meeting of the group is slightly different. This is anxiety-provoking, because it feels safe and secure to imagine, as the HIH Board did, that our meetings will always follow the same path and the same agenda and that we won't need to think about anything very much and the leader will lead us. If we think of our meetings as goal-driven, we may have new goals each time, and thus new processes. The agenda needs to be re-thought each time to include only the things you need at that time.

There should be no stars; rather, everybody works together. Collaborative processes are very important. At HIH the CEO's plans were followed without question. Why? Was it just because people felt that he knew what he was doing, or was it also through a fear of questioning what it was that they were doing?

In the not-for-profit world

The very nature and strengths of not-for-profit Boards make them subject to primitive group emotional states that can interfere with their purpose and their tasks.

- Not-for-profit Boards are usually voluntary: there is no payment. So what rewards do people get from Board membership? It is important to think about that to ensure that people's needs are met.

- Board members are often chosen for their connections and credibility – their role outside the system, which may work against the system the group is in. Such people need to think about how they can use their outside role in the Board task, not simply carry over their role in the other system.

OLD WORK	NEW WORK
• Management defines problems	• Collaborative exploration of Issues
• Board sets policy	• Both set policy and implement
• Permanent structures	• Flexible structures
• Process-driven meetings	• Goal-driven meetings
• A collection of Stars	• A constellation

Blood, Sweat and Fears:
Combating "groupthink" in not-for-profit Boards

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- Consumer representation on not-for-profit Boards is very important, but representatives need to be educated and supported (indeed, all Board members need to be educated about what it means to be on the Board.

- Not-for-profit Boards may have many focuses and many stakeholders, having to attend to things on many fronts at once.

- They also often have a clouded or unclear primary task. Clarification of the Board's primary purpose and task is vital. Community groups can be so tempted by the prospect of gaining funds that they take themselves into areas that are distant from their primary mission.

"You don't have to love each other all the time. You can find yourself working with people you don't particularly like."

Combating "groupthink"

Boards – commercial or not-for-profit – often operate on the basis that we all think in the same way; we don't check out each other's assumptions. This is technically known as groupthink.

We are often held together by leadership. While a Board does have a Chair, there are many leaders – people who are able to take up leadership roles in different parts of the Board's work.

Power is also an issue. What are the agendas and rivalries involved?

What really holds groups together, though, is a basic and clear understanding of the agreements they have. You don't have to love each other all the time. You can find yourself working with people you don't particularly like, and what's important is that you respect any differences between you and know what the working agreements are.

Work should be reality based, and we should check out time and time again what it is that we are attempting to do. We must not be too afraid to speak up if we think anything is even a bit wrong. That was HIH's problem (and if any Board members did speak up, they were quashed).

Some groups act as if their main role is to find and fight an enemy (all of this is unconscious, but they still act as though it was true). It's an unquestioned assumption. And while that can be helpful if there are in fact real enemies out there, you can get caught up with that and treat your Board as if it's always under siege, which takes you away from addressing reality.

Sometimes groups act as if something other than their work could save them, as if the Board's work can be done without them sitting down and making sure they understand the values of the organisation, making sure they understand the primary task, making sure they read all the papers, making sure that they help create a living agenda.

Sometimes, too, a group acts as if everybody was the same, as if there were no differences.

And sometimes groups act as if there was no group, only the individual.

Confronting fear

And then there's fear.

All work causes some anxiety (or some other unwanted emotion). Most of the work that not-for-profit organisations do – work in prisons, in health, or religion – causes anxiety, either because of the task, or because working hard in difficult circumstances causes depression.

When this happens, groups and organisations create collective defences to protect their members from these unwanted emotions, just as individuals do. We need our defences, but they can also hamper us. When the defences themselves become difficulties and create more problems than they solve, we need to look at them. Simple examples are such things as "busywork" and red-tape, getting away from your primary purpose as a defence against actually working with the things that matter.

"People should be able to make decisions at the level where it's appropriate that decisions be made, rather than just sending them up the line to the top."

Fears often cause the loss of discretionary authority in individuals. People should be able to make decisions at the level where it's appropriate that decisions be made, rather than just sending them up the line to the top. Everybody knows their own job better than anyone else does, and they should have the responsibility to make decisions about it.

Blood, Sweat and Fears:
Combating "groupthink" in not-for-profit Boards

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Making sense of it all

What do we do with all of this? How do we meet these fears, these anxieties, these politics and differences and fights? How do we manage differences? How do we prevent the group from collusively slipping away from its main task? Are we making certain that we follow our primary values?

- **We need to clarify our primary purpose and task.** This is the main responsibility of any Board.

- **We need to build relatedness as well as relationships,** where relatedness is task-driven, through roles.

- **We need to clarify agreements, authority and accountability.** Don't take anything for granted – find out what's expected of you, and what you expect of others. Have days and times to find what you agree on. Challenge and test the assumptions. Ask people.

- **We need to use reflective space. That's what HIH lacked** – a chance to stand outside the agenda and get your ideas out. Think about the possibility of using an outsider, paid or volunteer, to identify the groupthink assumptions you can't see yourselves. It's so easy to turn a blind eye to your own processes, as HIH did.

Susan Long

Professor Susan Long is internationally renowned for her work in the field of organisation dynamics. Originally trained as a clinical psychologist, Susan has worked as a group and organisation consultant and researcher for the past 20 years. She is currently Professor of Creative and Sustainable Organisations at RMIT University.

This is an edited extract of a speech by Professor Susan Long to the Communities in Control conference Special Governance Day held in June. Further speeches from the conference will appear in later editions of the Board Builder newsletter.

Professor Long will be running an experiential conference on Leadership in Marysville, Victoria, in September, 2005. 'Learning for Leadership' is designed for leaders, managers and professionals to discover more about the dynamics of leading contemporary organisations and communities.

Details: www.ourcommunity.com.au/SusanLong

Board Builder Tip

For the full report from the HIH Royal Commission, go to:
http://www.hihroyalcom.gov.au/finalreport/Front%20Matter,%20critical%20assessment%20and%20summary.HTML

Cutting through the Grass Ceiling
New panel to investigate rural barriers

A Federal Government panel has been set up to look into how women's representation in rural and regional decision-making positions can be improved. Meanwhile, rural industry leaders have been warned they need to abandon old-style recruitment methods.

Recruitment strategies that involve the use of "old boy" and professional networks need to change if more women are to be included on decision-making boards in rural and regional Australia, Federal MP John Anderson says.

Speaking at a Rural Industry Leaders' Dinner in mid-June, before he stepped down as Deputy Prime Minister and leader of the Nationals, Mr Anderson said regional Australia had to do better in providing women with opportunities at the highest levels.

"It's no longer appropriate to use limited 'old boy' and professional networks to find potential directors. Traditionally, those networks do not include women," he said.

"Organisations that continue to use them will miss out on their talents and see their competitors race ahead."

Mr Anderson said that a recent Federal Government report on women's representation on selected regional bodies (see BoardBox) showed that the proportion of women in senior positions declined as you moved further away from metropolitan areas.

"There's no shortage of competent women to fill more of these jobs, but it's clear that they still face problems getting in the door," Mr Anderson said.

▶▶▶

Board Box - Counting the Numbers

Women in rural and regional Australia are considerably under-represented in decision-making and management roles, a new Federal Government report has found.

The 2005 report, prepared by the Department of Transport and Regional Services (DOTARS), presents a snapshot of the women's representation on a sample of rural industry Boards and other organisations and committees, including local government, that have an impact or influence on regional industries.

Key findings include:

- Around 55 per cent of women in rural Australia work, yet the level of women's representation in rural and regional bodies has not mirrored this growth, being seldom above 25 per cent and commonly considerably below this level.
- Representation of women on rural industry Boards ranges from 0 per cent to 21 per cent, while women make up 12 to 41 per cent of positions on regional organisations.
- Currently 17 per cent of mayors and only 6 per cent of CEOs in non-metropolitan local governments are women.
- Area consultative committees have the highest levels of women's representation, with 28 per cent represented on committees and 41 per cent executive officers.
- Anecdotal evidence suggests the ratio of women's representation declines with the movement from metropolitan to regional to rural, suggesting powerful cultural and socio-economic factors at work in determining gender roles.

The full report, *A Snapshot of Women's Representation on Selected Regional Bodies*, is online at
http://www.dotars.gov.au/regional/rwac/documents/women_rep_snapshot.pdf

Cutting through the Grass Ceiling
New panel to investigate rural barriers

"It's unjust, and it's holding back the development of regional Australia."

Mr Anderson said he was setting up an expert panel to inquire into the current level of women's representation on rural and regional organisations and make recommendations about increasing it.

The panel, which will be chaired by former Senator and Federal Minister for Family and Community Services Jocelyn Newman, will investigate:

• The position of women in decision-making in rural and regional Australia;

• Factors assisting and impeding the broad participation of women in bodies of influence in rural and regional Australia; and

• Strategies for increasing women's representation for the longer term sustainability and competitiveness of rural and regional Australia.

"The Government will not adopt strategies that involve recruitment quotas or policies that promote reverse discrimination. They are ineffective, unfair and patronising," Mr Anderson said.

The panel is expected to report to the Government by February 2006.

Board Builder Tip

To access dozens of resources that can help make your Board more inclusive of women, log on to the diversity section of Our Community's Boards, Committees and Governance Centre at **www.ourcommunity.com.au/boards-diversity**

NumberCrunch

54%…of Australian non-profit organisations say they have received free legal advice, and 45% have received free accounting, financial or investment advice.
(2004 University of Melbourne report, A Better Framework: reforming not-for-profit regulation)

97%… of US non-profit organisations say they have undergone a financial audit within the past two years.
(2005 survey by the Listening Post project)

80%… of UK voluntary organisations' CEOs take work home with them at weekends.
(Association of Chief Executives of Voluntary Organisations survey, Weekend Passions – Remuneration Survey 2004/05)

52%… of respondents to a 2005 UK public poll thought the best way the government could support UK charities was to ensure their policies created an environment in which charities could flourish and remain independent.
(National Council for Volunteer Organisations poll, 2005)

33%… of Australian community group respondents to a 2005 Our Community survey felt that the best thing the community could do to support their work was to lobby for support to achieve their mission.
(Our Community survey, State of the Community 2005)

34%… of NSW not-for-profit associations rely on government funding for more than three in every four dollars of their total income. 21% rely on fundraising income for more than three quarters of their total income, 18% rely on trading income, and 12% on membership fees.
(ACCORD report, Linking Society & Economy Through Membership: Associations in NSW, 2004)

Lessons from the Corporate World:
Evaluating performance

Evaluation of Board performance has become a near-universal trend in the corporate world, with not-for-profit Boards not too far behind. It can be an uncomfortable process, but as former Shell executive and experienced corporate and not-for-profit Board member PETER DUNCAN writes, if carried out with integrity, evaluation can hold real value for the Board, its members, and the organisation they are governing.

In a previous article, I talked about the "clubbiness" of Boards until 10 or so years ago. During my first years on the Board of a public company we would not have dreamt of subjecting ourselves to any form of structured performance evaluation, aside from occasional discussions about "where we were going".

As an executive of Shell my personal performance was, in theory, evaluated each year. Whether and with what seriousness that took place depended on my boss at the time. Gradually, in the late eighties and early nineties it became common also to consider the performance of teams and those factors which might enhance or detract from it. Myers Briggs' profiling of individuals and various methodologies for looking at teamwork began to be applied.

> *"As an executive of Shell my personal performance was, in theory, evaluated each year. Whether and with what seriousness that took place depended on my boss at the time."*

When I returned to Australia in the late nineties there was already a clear trend to formal evaluation of Boards as a whole, and by the time I left Shell and joined a number of public company Boards, this trend was universal. It is, of course, now a part of the ASX guidelines – Boards and companies have to report on whether they are doing it or not, which has successfully concentrated the minds of the few remaining recalcitrants.

Evaluating the performance of individual directors has taken on more slowly – but is now also widespread. These days, before a director is nominated for re-election at the shareholders' meeting, performance is discussed by his or her peers (with, of course, the subject absent). The director is then not only informed whether or not colleague directors support re-election but also advised (normally by the Chair) of areas where colleagues feel performance could be enhanced, or perhaps where skills are lacking.

Evaluating the Board team

What methodologies are used for these evaluations? When assessing the performance of the Board as a whole, the evaluation process involves seeking the views not only of peer directors, but usually also of senior management. I don't know of any case where other informed stakeholders (such as major shareholders or external auditors) are asked to give their views but this trend may well develop, particularly as such stakeholders become more vocal.

Quite often an external moderator is used in the Board evaluation process, often delivering non-attributable results to the Chair and Board so that individual Board members' views are not identified. This helps to ensure that comments are less likely to be watered down. It can, however, carry the corresponding disadvantage of engendering suspicion rather than encouraging open and frank discussion.

Regarding the criteria against which performance should be judged, I think there are two particular dimensions of effectiveness about which the Board can ask itself, namely "do we have the right skills?" and "how can we work more effectively as a team?".

The whole exercise is likely to be more effective if the Board has thought through its role and what it is seeking from individual directors and from the team as a whole. Another increasing trend in corporate Boards is the development of Board "charters" which attempt to do this.

Evaluating individual Board members

Evaluating the performance of individuals is more difficult. Sometimes this is simply done by handing out a questionnaire to Board members for assessment by the Chair. Sometimes it is done in individual discussion between the Chair and Board members. Obviously, if there are serious performance issues then the latter is in any case necessary.

During the evaluation period the opportunity is taken not just to make a decision about whether or not to re-elect, but also to give feedback to the director on areas where performance can be improved. To make the whole

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Lessons from the Corporate World:
Evaluating performance

process less threatening evaluation questionnaires are usually couched in terms of questions such as "Areas where you would like to see the individual do more (or less)".

In recent times there has been a clear tendency to take a harder line in the area of individual Board member performance and I believe we will see more cases in the corporate world where re-election is not supported, perhaps on performance grounds, perhaps because new kinds of expertise are required, perhaps as part of a judgement on accountability for the performance of the Board and/or the company which it oversees.

"There are two particular dimensions of effectiveness about which the Board can ask itself, namely 'do we have the right skills?' and 'how can we work more effectively as a team?'."

All of this can be uncomfortable. But it is healthy. While it is important that individual directors not be attacked for holding and expressing minority views, it is just as important that where directors have lost the trust of their fellows this be brought into the open. There is a fine distinction but a real one.

The relevance for not-for-profits

How does all this apply to not-for-profit organisations? In my view, almost word for word. I am a strong believer in open expression of views when it comes to Board matters, and these kinds of evaluations, if done in the right spirit, can only contribute to this.

This is particularly true of the evaluation of the performance of the Board as a whole. In looking at individual Board members there is, however, a qualification – and an important one. Usually the Board member of a not-for-profit organisation is giving their time free. Sometimes they have been recruited not for their contribution to governance but because of, for example, their ability to attract funding. Often their contribution will be affected by the amount of time they have available after their "day job". Very often if they leave the Board it will be very difficult to find a replacement.

All of this obviously needs to be taken into account. But it doesn't really change the basic principle of evaluation – namely, a clear view of what is wanted from the Board member and an assessment of whether he or she is giving that.

Does it have any effect?

Hopefully, of course, both the Board as a whole and individual Board members will use the feedback to improve their performance.

In practice, I have experienced only one example of a Board deciding as a whole that its performance had been inadequate and this was in the full glare of public criticism. That a Board in the quiet of its cloistered deliberation should take this view is, let's face it, unlikely. But that does not vitiate the value of the evaluation exercise if it leads to real efforts to improve performance.

Like any exercise regularly carried out there is a danger of it becoming routine. In my view it is a task of the Chair to ensure that this does not happen. Use of differing

methodologies from year to year is one way of avoiding this.

For poorly performing individual Board members, the ultimate sanction is the withdrawal of support for re-election. As mentioned above, I suspect we may see this sanction used in the corporate world more in the future, but perhaps less so in the not-for-profit world given the unique position of not-for-profit Board members. Again, however, the value of the process is preserved if performance is improved.

Let me finish as I have in my first two articles by referring to integrity – something I value above all else in Board processes. If these evaluation processes are not carried out with integrity they may as well not be carried out at all. But if Boards make a genuine effort to look at their performance they and their organisation can extract genuine value.

Peter Duncan

Peter Duncan worked as an executive for Shell for 36 years, serving on a number of wholly owned company subsidiaries and a major public company during that time. Since his retirement as an executive, he has taken up Board positions on a number of Australian public companies and public entities as well as being involved in a range of not-for-profit activities.

This is the third article in a series developed for The Board Builder by Peter Duncan. **Next edition: Adviser or Boss – How Should the Board Play its Role?**

Our panellists help to cure some common Board ills

There is nothing like experience to breed good judgement. In each edition of the *Board Builder* we extract the know-how of three experienced "Board Doctors", finding a remedy for some of the common ills that can threaten the health of not-for-profit Boards or Committees.

The Dilemma: "Three of our six Board members are planning to step down at the end of this year. Our Board operates in a small community and my remaining Board colleagues and I can't think of anyone to replace them. What should we do?"

Frank Page:

Frank is the immediate past Chair of Daylesford Neighbourhood Centre in Victoria and a member (and former Deputy Chair) of the Committee of Management at Fitzroy Learning Network.

First Glance – how bad is this problem?

As a Board you may have already done some work on the make-up of the current membership by way of a skills audit. Having done this you will already know the types of people, in terms of skills and experience, that you need to target to replace the members who are stepping down. If this work hasn't been done then hopefully there is time to think about the areas of expertise you will need to replace. This process helps narrow down the field in terms of the sort of new members you need.

First Step – what is the most burning issue? What needs to be done first?

Knowing the type of talent required, the Board needs to have a detailed discussion about potential candidates.

Ideally this should occur with the input of departing members and thereby provide the maximum possible pool of candidates. Depending on circumstances it is sometimes hard to come up with names. In such cases Board members may need to canvass their various networks with some form of recruitment criteria, allowing the input of other non-Board members who may know appropriate potential candidates.

Next Steps – what other steps should be taken?

The Board may wish to prepare a recruitment package containing various materials, which provide a good overview of the organisation. Such material shouldn't be so 'weighty' as to scare people off, but rather more of the executive summary nature. Included should be the vision and mission of the organisation, along with the broad nature of its strategic direction. Annual Reports, a copy of meeting minutes and other key papers may also be deemed appropriate and enlightening.

Approaches to potential candidates should be accompanied by an invitation to talk to members of

the Board and/or officers of the organisation to gain additional insight and clarity. All contacts should reinforce the strengths of the organisation and the sense for any new member that they are joining a positive and successful venture.

Red Flags – how can we stop this happening again?

If not already in place ensure that the Board establishes a Succession Plan, of which a Skills Audit of current members can be part.

Review the overall marketing and communication strategy for the organisation. It is important to ensure that the profile of the organisation is as high as it can be – through greater awareness the pool of potential Board members can be increased.

Board members, especially office bearers, need to be constantly talking to each other about their participation on the Board. This should involve positive encouragement and gratitude for their contributions and participation. It should also engender trust and confidence.

the**Board**builder

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Our panellists help to cure some common Board ills

Antennae need to be attuned to any waning or diminution of interest in the affairs of the Board and organisation. Being ahead of the game here can avoid some difficulties with some tasks or responsibilities being reallocated to ensure continued interest and commitment

Kerrie Mullins-Gunst:

*Kerrie is principal consultant in leadership, mentoring and strategic planning at KMG Consulting (**www. kmgconsulting.com.au**) and a Fellow of the Australian Institute of Company Directors. She is currently on the Board of WIRE and has held dozens of different voluntary and paid positions on Boards and Committees since 1979.*

First Glance – how bad is this problem?

Assuming a Board of six members is the appropriate size for your organisation, this is a substantial problem that warrants urgent attention. However, it may not be as difficult to solve as you fear, if you broaden your ideas about who may be suitable replacements. Look beyond the usual candidates to include people with relevant skills, but less experience, and even to those you could assist to develop the skills required. Given that you have some notice that people are stepping down, you may be able to mentor or train candidates into the role before they formally join your Board.

First Step – what is the most burning issue? What needs to be done first?

Start by writing position descriptions for your Board members (or reviewing

them if they already exist) so that you distinguish clearly between the experience and skills that are absolutely necessary, and those that are desirable or may be developed in the role. When you are clear about which attributes are essential, you will find it easier to identify potential candidates.

Don't just ask for suggestions from those Board members who are staying, ask each retiring Board member if they can nominate a potential successor. Remember that your Board members should not all have the same skills, nor should they all come from the same background or set of life or business experiences. Talk to everyone you know and show your position descriptions widely around your community, and even beyond. It is easy to overlook people who would bring terrific value to your Board but may not move in the same circles as you do.

Next Steps – what other steps should be taken?

Relying on existing Board members to recommend or recruit replacements is a common trap, as people usually know other people who are just like themselves. As well as basing your recruitment on written position descriptions, there are several other ways to build a healthy, dynamic Board with diverse skills or experience:

- Advertise as widely as you can, such as on radio, in your local paper or community newsletters, on your website and of course in any publications your organisation produces. Be prepared to send written position descriptions and information packs about what your group does, and interview everyone who is interested, whether they

know about your group or not.

- Assuming your constitution allows it, consider inviting someone from outside your immediate community to bring a fresh external perspective.
- Contact one of the many registers of willing Board volunteers. Local, state and national governments all hold lists of qualified women, retired experts or various other groups willing to volunteer. Many associations, such as the Australian Institute of Company Directors, run Board and volunteer recruitment programs.

Red Flags – how can we stop this happening again?

I believe success without a successor is another word for failure. Some change and turnover in a Board is both healthy and valuable, but some continuity is also important. So succession planning is a critical, ongoing part of every Board's work, which you may need to make a priority for a while. It can be helpful to spell out for new Board members just how long you expect they will remain on your Board. Knowing that they are making a commitment to the Board position for a year or two will encourage more volunteers, as they won't be so worried that they could get trapped into an endless appointment. And try to appoint your three new Board members for varying periods, so you don't have the same problem again in a couple of years!

Samantha Jenkinson:

Samantha is Support & Choice Coordinator with DHS Southern Metropolitan Region. She has 15 years experience on not-for-profit Boards

Our panellists help to cure some common Board ills

and Committees, including a university student union, state and national disability advocacy organisations, disability-specific recreation and employment organisations and community choirs.

First Glance – how bad is this problem?

This is very bad. Without new people coming on to a Board, both the Board and the organisation that it is managing can become stale. The Board members who are left are also likely to become burnt out and there is a risk of the Board and organisation going under. New blood gives new energy and new ideas. Change can engender creativity and innovation, but you must be prepared to let new people and change in to your Board.

First Step – what is the most burning issue? What needs to be done first?

The first step is to think outside of your normal parameters. You can't think of anyone to be on the Board because you're only thinking of people you know. Don't assume that because your community is small that you already know everyone who could be interested.

You could start by having a brainstorming session with the current Board to get ideas on where to advertise for Board members. Don't forget to advertise among the consumers who use your organisation's services or other organisations that are linked to yours.

You may need to see if the Board members who are leaving would be happy to mentor someone who is new

to being on a Board. Another idea is to look up past Board members and canvass them about joining again, or mentoring new Board members.

Next Steps – what other steps should be taken?

If you have always been working on the basis of finding people you know to be on the Board by word of mouth, then you may need to re-read your constitution and check procedures for nominating Board members and voting at the Annual General Meeting (just in case you get a rush of nominations).

Another step is to make your AGM interesting so members and consumers will want to come along and see what's involved. Get guest speakers, or announce the winner of an award or competition, and have some social time with food and a drink. Often someone will nominate on the day if they feel that they are welcome.

You should also make sure the roles and responsibilities of being on the Board are clear and up to date. Let people know what is expected of them if they undertake this role, and the benefits they can gain, such as experience with management/governance, that they can put on their resume.

Red Flags – how can we stop this happening again?

I believe that one of the most important ways for Boards to get new members is through keeping in touch with the consumers and members of their organisation. When you start relying on having to ask people you know to get new Board members then you need to re-look at how you are

communicating with consumers and members. Are they coming to you? Is the Board accessible to them?

A longer-term strategy is having mentors available to help new Board members – and mentoring can start before a person joins the Board.

Another strategy is to have length of time on a Board restricted to a certain time period before the person can join the Board again, so Board members aren't getting burnt out and may want to get involved again.

Next Edition: *"Our Board has made a majority decision that our group needs to get rid of half of its volunteers to bring down training costs. I do not endorse this decision but the Chair has advised me that we should present a united front in the face of the controversy that is surely about to erupt. What are my options?"*

Board Builder Tip

Having trouble filling your Board vacancy? Get great Board prospects to come to you by listing your vacancy at the free Board Matching Service at **www.ourcommunity. com.au/board-match**.

Cooperation, Collaboration, Co-location:
Finding strength – and savings – in numbers

An "open books" policy and a genuine commitment to sharing information, knowledge and resources are among the features of an evolving collaborative project involving up to a dozen not-for-profit youth services organisations in inner-city Melbourne. In a wide-ranging interview that reflects the project participants' and funders' desire to share their learning of the collaboration, Youth Services Collaboration project manager GRAEME WEST reveals how the groups' imminent co-location is expected to yield even greater financial savings and program efficiencies for the groups involved.

We started by asking Graeme to explain the nature of the collaboration.

Graeme West: The collaboration is made up a number of youth and family services organisations located in the inner-east, around the city fringe and the inner-north of Melbourne. These groups started to talk together over a journey of four or five years to date, with an idea of improving the sustainability of the organisations and fostering their growth.

The idea of collaboration was seen at the senior level of these organisations as something that was logical, that made common sense. They are all smaller organisations and they saw that if they could collaborate and, potentially, co-locate, they could achieve some economies of scale, share resources and develop more effective networks.

In 2003, the groups were successful in winning some funding from the Pratt Foundation to do a feasibility study to look at cooperation, collaboration and co-location. The co-location phase will start early next year. The place we're looking at is not going to accommodate us all but it's part of the journey. Ultimately we'd like to acquire a bigger property that will house a greater number of groups.

Board Builder: Are you aware of other not-for-profit collaborative projects of this sort?

Graeme West: There is Ross House [a building in inner-Melbourne that provides office space and facilities to dozens of self-help and small community groups], Front Yard [an inner-Melbourne service centre for young people who are homeless or in need of support, containing eight co-located services], and the Visy Cares Centre in Dandenong [a council-owned facility that is the key provider of services to youth in Melbourne's south-east] – to name three, and there is also a new "hub" led by the Brotherhood of St Laurence that is starting out in Frankston.

"We don't have 'rules of engagement', we don't say that to join in you must do x, y or z …The boundaries are open."

Our collaboration is similar to some of these but a little different. The organisations involved in our collaboration are coming together at the core. In many other collaborations, the agencies come together to share the infrastructures, but not necessarily their core beliefs. In many cases, it's a co-location rather than a collaboration. We're seeking to combine the two.

Board Builder: How many groups are involved in your collaboration?

Graeme West: There are a number of principal organisations, including Ardoch Youth Foundation, Kids Under Cover, the Lighthouse Foundation, Whitelion, Typo Station, Activate Australia, KIDS Foundation and Western Chances – and then there are groups like Big Brothers - Big Sisters and Challenge who have also gained some benefits.

We don't have "rules of engagement", we don't say that to join in you must do x, y or z; we're prepared to share our knowledge and the possible opportunity of co-location, but not everyone will want to co-locate, for example. The boundaries are open.

Board Builder: When you say that the boundaries are open and you have no rules of engagement, how does that work? How do you decide who does what, and who pays the bills?

Graeme West: The model that is being developed involves the creation of "Centres of Excellence" around areas such as IT support and maintenance, bookkeeping, human resources and volunteer management, and so on.

We have already had discussions among the collaborating organisations to identify what we can share, and the best practice organisations

Cooperation, Collaboration, Co-location:
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in the different areas – volunteer management, for example. We've been on a path of continuous learning across the life of the project, which has been running in earnest since I came on board as the project manager in October last year. So since October we've worked out roughly who's doing what, and who's doing what well and how those things can be improved.

When we move into the new premises early next year we won't have a body that will overarch every organisation – there won't be another entity created. What we will have are these "Centres of Excellence", so one of the organisations might end up providing a resource that services the facility management, another organisation might look after reception, another might do HR, and so on.

This is a partnership that does not operate on a ledger, it's about cooperation at that core level. To be honest, it's a spirit of cooperation I've never experienced before and most probably had never anticipated I would experience.

Board Builder: What if one group is contributing much more than the others? Are bigger organisations expected to contribute more?

Graeme West: The reality is, if we find one group is incurring a higher cost than others we will find a way, through some governance structures and the like, of sharing those costs.

We are already working through those things and will continue to do so for the nine months up until the move to the new site. We have a fully developed project plan, and we've got milestones and checklists to help guide us in what we're doing.

Board Builder: How do you overcome the possibility of not-for-profit organisations in the same sector seeing each other as competitors rather than collaborators?

Graeme West: Probably the key success factor underlying this partnership is that there is no duplication in what the various groups do. I think if you tried to bring together organisations that were all in the business of, for example, helping young blind people, you most probably wouldn't get this to work.

Board Builder: So you need to be related but not competing?

Graeme West: Yes, I think that's been a key success factor in our collaboration, and the reason the groups have been prepared to share. They have like business drivers and similar issues with Boards and in attracting quality staff without being able to pay corporate salaries – so they have those things in common, but at the core, they're not competing for clients or for funds.

Board Builder: Who is driving the project from each of the organisations? The Boards? Staff?

Graeme West: There are founders sitting behind each of these groups and they really are the drivers – so the drive is right at the core of the organisations. The Boards are also very supportive, and the staff.

BB: Are there any pockets of resistance to the idea of co-locating?

Graeme West: There have been some people along the way who have expressed some concerns but the collaboration operates with an open book policy and it's been that way for

years so people have known that it's coming.

It's also important to note that the co-location is not anticipated to have any negative effect on any staff levels. What it will do is allow some people to modify their roles. In these groups, people are used to wearing multiple hats, I think that's something that always happens in small organisations out of necessity. The co-location will allow some of those individuals to concentrate more on their core skill areas. We have already identified people who are looking forward to the opportunity to do that.

Board Builder: It couldn't work, could it, if you had widespread resistance, or if there was just one person – even if it was the top person in the organisation – pushing it?

Graeme West: No it wouldn't. These are all small organisations without huge bureaucracies and that in a way makes it easier to work through the change management. But there has been no real cultural resistance identified at this point in time. However, we're not going to put the blinkers on, we will work those things through if the need arises.

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Top 5 Tips for groups considering forming a collaboration:

1. Make sure the lead participants are compatible organisations
2. Have a dedicated project management resource to help guide the partnership
3. Ensure detailed and agreed objectives are in place and understood by all parties
4. Recognise and manage the risks
5. Celebrate all successes

Cooperation, Collaboration, Co-location:
Finding strength – and savings – in numbers

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Board Builder: What are the main objectives of the collaboration? What are the groups hoping to achieve?

Graeme West: We're hoping to achieve a range of things. Firstly, some financial savings. Our projections show that in the first move, involving four or five organisations, we're likely to make savings of a couple of hundred thousand dollars across things like IT support and maintenance, accounting and bookkeeping services, human resources, volunteer management, group purchasing and reception. We're also hoping to make some savings on some of the office equipment so rather than every group having its own photocopier and fax, we can share.

"Probably the key success factor underlying this partnership is that there is no duplication in what the various groups do."

For the larger move, when we get our own place and bring more groups into the co-location, the savings will be even greater.

But it's not just about financial savings, it's about sustainability – that's the real driver. If we can take out some financial costs and direct that money to the programs then that's a great benefit. We also want to work more closely together and start to perhaps develop joint programs; once we're sharing the same corridors we can start developing those programs and joint funding submissions.

Board Builder: And I suspect joint submissions coming from a partnership such as this is very attractive to funders in the current climate?

Graeme West: Yes, it is. The Pratt Foundation funded the initial feasibility study and the project is now funded by the Gandel Trust and the Lord Mayor's Charitable Fund. The message we've been getting is it's very attractive to them because their dollar can go further, and because we can demonstrate that we're achieving results already.

Board Builder: What sort of results have you achieved?

Graeme West: As the saying goes, we have gone after some of the low hanging fruit to start with, so we've had some wins already.

A good example is that we now have a bookkeeper in one organisation who services the bookkeeping needs of two other organisations.

Another example is the Volunteer Expo we put on at the Melbourne Town Hall in February that has helped to improve the number of volunteers feeding into the different groups.

We've also shared information on policies, which has been particularly useful for those organisations that hadn't gone through a review cycle. And there have been improvements in the area of human resources (establishing recruitment strategies, for example), and in volunteer management and financial reporting, where we've been able to share the best practice across all of the organisations.

Board Builder: Are there benefits as well not just for the organisations but for the people they serve?

Graeme West: Definitely. The reality is that if we can make financial savings by moving into the one building we'll have more money for the programs that the community will benefit from.

We're also learning to work in a better way by developing joint programs and sharing knowledge. Yesterday, for example, I facilitated an evaluation methodology review and we had a Lighthouse Foundation staff member who had expertise in that area come in and share their knowledge. So we did that review using resources across the collaboration. Typically you'd most probably have to pay a consultant to come in and do that kind of work but now we have this collaboration those things are becoming increasingly easier to achieve. We're using our organisations' resources more smartly.

Board Builder: When you are setting up a collaborative relationships like this, how important do you think it is to have some clear objectives and ideas of what you want to achieve?

Graeme West: I think you have to have very, very clear objectives. The feasibility study allowed us to come up with a specific model, which has since been enhanced, so we know clearly what we're seeking to achieve.

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The Roadmap to Collaboration

Steps taken by the Youth Services Collaboration:

1. Identify potential collaboration partners
2. Discuss objectives
3. Conduct a feasibility study & develop a collaboration model
4. Develop a project management structure for agreed strategies
5. Implement project management strategies
6. Review and revise strategies to continuously improve

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We've established thorough project plans and we report on those quarterly to our funders. I also do a monthly communication update which talks about the wins and where we're going.

Board Builder: It's obviously important to highlight the wins, but is there also room to talk about some of the challenges? It surely can't be all plain sailing?

Graeme West: Yes, and that's why that section about where we are going is always very important in keeping people in the loop.

"Another risk occurs when an arrangement involves the sharing of costs, because there is a real risk of one party dropping out. So we've got to ensure is that everyone is happy from day one and that we measure and continually improve the partnership."

Board Builder: So what are some of the challenges, what are the risks that need to be managed?

Graeme West: There are a range of risks. Firstly, I think if there is a larger entity involved in the collaboration, there's the risk of them dominating.

Another risk occurs when an arrangement involves the sharing of costs, because there is a real risk of one party dropping out. So we've got to ensure is that everyone is happy from day one and that we measure and continually improve the partnership.

There is also a risk of costs blowing out so I need to keep a close eye on that,

especially as we start planning for and moving to the new site.

I've talked about the sharing of resources from one organisation to another – that sharing also can entail a degree of risk. For example, if one of those organisations were servicing another in, say, human resources, and suddenly their standards dropped off (if a staff member left, for example), that would be a real issue. You'd be left with a less than satisfactory resource that might impact negatively upon your programs.

Board Builder: So you really need a project manager to keep an eye on it?

Graeme West: It has been useful in this formative stage having a project manager on board as an independent resource and someone who can share the knowledge around and work with the organisations to improve what they're doing.

My position is funded for one year, up until October this year, and we're presently seeking funding for a second year. The aim is for the project management to continue while the groups are moving and settling into the new venue. But part of my role will be to help the organisations identify ways, after the project manager has moved on, to monitor performance and ensure that issues or risks that presented themselves be dealt with swiftly.

Board Builder: What timelines are you working within at the moment?

Graeme West: Regarding the first phase of co-location, we're hoping to have occupancy from the start of January, with fit-out taking place after that and the agencies moving in

during February and March next year. Up until that time we'll be building the structures that will determine how we're going to achieve savings through the co-location and ensuring that we retain quality programs and don't lose our quality staff.

After the initial move we will be working to complete the setting up of the shared services, and then monitoring their initial performance, and then we will start to look at the potential for the next phase of moving.

Board Builder: Can you see this sort of high-level not-for-profit partnership as something that might spread around Australia?

Graeme West: Yes, there is certainly an increasing amount of talk about it, especially on the side of the funders so there is a bit of money around to help projects get up and running. But most of the collaborations that have sprung up, including ours, are driven by the organisations themselves.

Graeme West

*Graeme West is the project manager of the Youth Services Collaboration, a project involving up to a dozen youth services organisations in inner-city Melbourne. Collaboration members are keen to share their knowledge with other organisations thinking of setting up a similar project. Interested groups can email Graeme at **graememwest@hotmail.com** or phone him on 0422 117 633.*

The Source:
12 principles that power exceptional Boards

A new US publication identifies the principles that it says underpin the operations of "exceptional" Boards.

Increased scrutiny of non-profit Boards has created too narrow a focus on compliance, leading to under-performing Boards, a new US publication contends.

Governance resource centre BoardSource, which authored the publication in conjunction with a panel of experts, says non-profit Boards must not only fulfill fiduciary responsibilities, but must also advance their organisation's mission and work through more active leadership.

The Source: Twelve Principles of Governance that Power Exceptional Boards identifies 12 characteristics of outstanding non-profit Boards, saying exceptional Boards …

1. Have a constructive partnership with the CEO;
2. Are mission-driven;
3. Allocate time to what matters most and continuously engage in strategic thinking to hone the organisation's direction;
4. Have a culture of inquiry, mutual respect, and constructive debate that leads to sound and shared decision-making;
5. Apply rigorous conflict of interest procedures, with Board members putting the interests of the organisation above all else when making decisions;
6. Have an ethos of transparency – internally and externally;
7. Promote strong ethical values and disciplined compliance;
8. Link bold visions and ambitious plans to financial support, expertise and networks of influence;
9. Are results-oriented, measuring the organisation's progress towards mission and evaluating the performance of major programs and services;
10. Purposely structure themselves to fulfill essential governance duties and to support organisational priorities;
11. Are committed to continuous learning, evaluating their own performance and assessing the value they add to the organisation; and
12. Energise themselves through planned turnover, thoughtful recruitment, and inclusiveness.

More information about the publication, including an overview of the 12 principles of exceptional governance, is available on the BoardSource website, **www.boardsource.org**.

What in the World?

A 26-year-old former Labor candidate has surprised the Melbourne establishment by being appointed to one of the more high profile not-for-profit committees in Australia.

Will Fowles was as astonished as anyone when he was told last month that he had been elected unopposed to the Melbourne Cricket Club Committee following the swift and very public fall from grace of high-profile businessman and committee member, Steve Vizard. Mr Vizard's decision not to stand for re-election is believed to have come too late for the Committee to field another application.

At half the age of most of his Committee colleagues, Mr Fowles is the youngest committee member in the history of the MCC. He said he was looking forward to representing young people on the Board.

The MCC is Australia's largest club, with 92,000 members and 158,000 people on a membership waiting list.

Mr Fowles, a funds manager who was a Labor candidate in the 2002 state election and a former national youth convener of the Australian Republican Movement, will serve alongside high-profile businessmen including David Jones, David Meiklejohn and David Crawford and Supreme Court judge Justice Allan McDonald.

Board Effectiveness:
Assessing Board performance in policy-making and staff supervision

In the last edition of the *Board Builder***, lawyer and Board development consultant CATHERINE BROWN identified some criteria for assessing Board relations and composition. A good Board, Catherine writes in this installment, will also be actively engaged in a range of other areas, including monitoring and supervision of staff, and policy-making.**

In the last edition, I talked about Board relations and composition. A good Board is also actively engaged in strategy formulation, policy-making, staff monitoring and supervision, and communicating with stakeholders. In this installment, we will be looking at monitoring and supervision of staff and policy-making. In a sense, these are related as the staff and agents of the organisation need to have a framework within which to operate.

Policy-making

While there are some core policies which every not-for-profit organisation will need, there are some policies which relate to your specific area of operations, i.e. your core business.

The following matrix was prepared for a community foundation. Organisations which are delivering services to people will need different policies, including those that deal with the values underlying their services and the way services are to be delivered. Likewise, an environmental organisation will have policies about its work and the areas with which it will engage. It might also have policies about partnerships so that its funders' corporate values are aligned with the organisation's environmental goals.

An organisation should have policies in place which at least address:

1. each of its key areas of business
2. the smooth running of the organisation, i.e. administration

Sample Policy Matrix:

Objective/Requirement	Yes	Partially achieved	No	Don't know
Policies in place for: ☐ Grantmaking ☐ Investment ☐ Communications ☐ Finance and Audit ☐ Donor Development ☐ Office Administration ☐ Board and Staff Induction ☐ Employee Relations ☐ Code of Practice.				
Process in place to review policies on a regular basis				

Overall Rating: (please circle)   Excellent/Good/Satisfactory/Poor
Comments:_____
_____
_____
_____
_____
_____

Board Effectiveness:
Assessing Board performance in policy-making and staff supervision

(continued from previous page)

Monitoring and supervision

"Help lift the Executive Officer's eyes from the heat of battle!"

The Board's role is both to ensure compliance with the legal requirements of an employer and to monitor that staff and volunteers are putting their effort where it matters; in other words, that they are working towards the strategic goals of the organisation and achieving their own performance indicators – which should link back to the strategic goals.

While often personally satisfying, working in the not-for-profit area can be very demanding. There is always a need to do more with less and to stretch your resources and time as far as possible. Burn-out or the tendency to focus on the everyday workload can lead people to forget the bigger picture. It is the Board's role to help the Executive Officer and staff to see their work in the larger strategic context.

Some indicators to include in a Board Performance Review include those in the following table.

Objective/Requirement	Yes	Partially achieved	No	Don't know
Employment agreement and Key Performance Indicators (KPIs) in place for Executive Officer (EO)				
Annual performance appraisal process for EO				
EO reports to Board regularly about achievement against KPIs				
Process established for addressing barriers to staff performance				
Employment law obligations understood and documented				
Budget is communicated to employees with management responsibility				

Overall Rating: (please circle)   Excellent/Good/Satisfactory/Poor

Comments:_____
_____
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Catherine Brown
*LLB/BA/GDBus Admin/FAICD
Director, Catherine Brown & Associates Pty Ltd*

Catherine is a lawyer and management consultant with extensive experience in the development of innovative community and philanthropic organisations. She is Deputy Chair of the Royal Victorian Eye and Ear Hospital, a Fellow of the Australian Institute of Company Directors and a member of the Increasing Philanthropy initiative of the Prime Minister's Community Business Partnership. Catherine Brown & Associates provides consulting services in the areas of Board development, not-for-profit organisation strategic planning, community business relationships, and philanthropy.

www.catherinebrown.com.au

This is the third article in a series about Board Effectiveness developed for the *Board Builder* by Catherine Brown. **Next edition: Setting the Strategic Direction.**

Board Builder Tip

For more ideas about the sorts of policies your organisation should have in place, and some template policies that can be downloaded and adapted to suit your group's needs, visit the Policy Bank at **www.ourcommunity.com.au/ PolicyBank.**

News

Reforming the Sector:
Report recommends dozens of actions to improve accountability

The much-anticipated report on accountability in the American not-for-profit sector has been released to a lukewarm reception.

A new report recommending action to curb abuses in the US not-for-profit sector has received a mixed reception, with critics claiming it is designed to "wait out" Congress concerns, rather than reform the sector.

The report has been released by the Panel on the Non-profit Sector, which was convened by the Independent Sector in 2004 at the encouragement of the US Congress following concerns over perceived financial abuses within the sector.

In its final report, released in June, the Panel recommends more than 120 actions be taken by charitable organisations, Congress and the Internal Revenue Service to strengthen transparency, governance and accountability in the sector.

"These recommendations are intended to strike a balance between providing the oversight needed to prevent abuses and protecting the independence that is a vital element in the charitable community's innovation and effectiveness," said Panel co-convenor Paul Brest.

"They reflect the Panel's belief that any new regulation should not impose costs that exceed their benefits."

The report has been criticised by the National Council for Responsive Philanthropy (NCRP), which believes recommendations it has already made on non-profit and philanthropic accountability remain "stronger, clearer

and more on point" than the Panel's.

"Slowly, very slowly, the (Independent Sector) process is micro-inching closer to the recommendations for action that NCRP has long publicised and disseminated," NCRP says.

"The non-profit sector faces several huge challenges, not the least of which is the inadequate leadership of national leadership organisations on issues of accountability.

"Trying to thwart Congressional momentum and substitute substantive public accountability laws and regulations with non-profit self-regulation, albeit dressed up in new rhetorical clothing, may staunch new regulatory oversight, but it won't lead to a stronger non-profit sector."

The Panel's report was also effectively panned by respected non-profit

consultants and commentators Jan Masaoka and Jeanne Bell Peters.

Writing in the Summer 2005 edition of the *Stanford Social Innovation Review*, Masaoka and Peters put forward eight alternative reforms.

"We take our hats off to Independent Sector and other groups that have crafted and presented recommendations to the Senate Finance Committee on how to make non-profits more accountable," they wrote.

"However, our organisation's experiences in consulting, education and advocacy with community-based organisations suggest a different set of reforms. Unlike Independent Sector, we are not constrained by concerns of what is politically achievable."

Web Links:

- The final report from the Panel on the Non-profit Sector:
  http://www.nonprofitpanel.org/final/Panel_Final_Report.pdf

- The National Committee for Responsive Philanthropy response:
  http://www.ncrp.org/press_room/index.asp?Article_Id=68

- The Stanford Social Innovation Review article by Jan Masaoka and Jeanne Bell Peters:
  http://www.ssireview.com/pdf/2005SU_pov_masaoka.pdf

Seven Steps:
to a responsible risk management strategy

The**Toolbox**

Risk management is a vitally important part of a Board's role. The Board must cast a critical eye over all activities undertaken by the organisation to assess all the possible risks, problems or disasters and then set up procedures that will avoid the risks, or minimise their impact, or cope with their impact.

Even organisations without a formal risk management strategy usually have methods of managing risks: a sign warning people to watch the step, the requirement that at least two people sign cheques, taping over cords that trail across the floor, backing up the computers once a week to protect member or donor records, etc. Moving from an ad hoc approach to a more formalised risk management strategy will help to fill any gaps.

Step One: Get the Board on Board

To ensure your risk management strategy is successful, it will need to have the support of your staff, volunteers and/or members. However, it is vitally important that your Board is driving the process. Risk management must be seen to be given priority at the very top of the organisational triangle.

Do this...

1. Make risk management an agenda item at your next Board meeting. Point out the benefits of putting in place a formal risk management strategy, including:

    *   Helping to protect your stakeholders from injury or death;
    *   Protecting your organisation from legal and financial liability;
    *   Lowering your insurance premiums by proving to insurers that you have identified and moved to deal with major risks;
    *   Boosting your organisation's image by showing members

and the wider community that the organisation is run responsibly;

*   Highlighting priorities, which can help in providing better information for decision-making; and
*   Allowing for better asset management and maintenance.

2. Outline the steps involved in putting in place a risk management strategy and ask for a formal decision by the Board to endorse these steps.

Step Two: Put someone in charge

As with most Board responsibilities, it is much more likely the job will get done if someone is in charge of it. The responsible person does not necessarily have to do all the work themselves, but s/he does need to be responsible for overseeing the work and reporting back to the Board.

Do this...

1. Assign a willing person the task of overseeing risk management.

This could be a Board or a staff member. Give them the title of "Risk Manager".

2. Put in place a process whereby the Risk Manager will report regularly to the Board; for example, by making "Risk Management" a regular agenda item.

3. If you are a bigger organisation, consider setting up a Risk Management Committee that includes representatives from the Board, staff, volunteers and clients.

Step Three: Check for hazards

The next step is to review your organisation's premises, financial procedures, equipment, human resources and IT practices and operations to identify any risks, risky behaviour or practices. It is important to get as many people involved in this process as possible.

Do this...

1. Call a risk management meeting, asking for representatives of the Board, the staff, the volunteers, members and service users. Ensure all meeting participants understand

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Seven Steps:
to a responsible risk management strategy

what risk management is, and how important it is to the organisation.

2. Start with the standard risks that are common to most organisations. These include:

- Physical surroundings (e.g. dangerous machinery, blind corners, car parks, asbestos, passive smoking, playing surface, slippery floors, safety rails, etc.)

- Work practices (e.g. overwork, sexual harassment, termination procedures, night work, equal opportunity, etc.)

- Hazard management training (Is it safe? Does it comply with the relevant legislation?

- Financial controls (e.g. cheque handling, treasurer's reports, expenditure authorisation, financial reporting, insurance, petty cash box, bank accounts, online banking, etc.)

- Investment risks (e.g. building society crash, share loss, property market fluctuations)

- Record maintenance (e.g. computer back-up, file integrity, privacy protection, meeting minutes, member database, accounts database, etc.)

- Legal status (incorporation status, provision of information to regulators, etc.)

3. Think also about the risks particular to your organisation. Ask people to think broadly about what could go wrong, e.g.

- What if all your records disappeared in a fire?

- What if a key staff member left suddenly?

- What if an employee gave out some bad professional advice?

- What if the organisation was sued?

- What if the person/people handling the money were acting illegally or unethically?

4. If you undertake a visual inspection, say of a facility, always do it twice – the first time thinking of your own height and ability, the second time thinking of a six year old, a senior citizen or a person with a disability – you may find a number of different risks.

5. Check out the help sheet at **www.ourcommunity.com.au/risk** for more ideas about the main areas of risk for community groups.

Step Four: Evaluate and prioritise the risks

Not all risks are equal so you need to estimate which risks are more likely, and which will create the most impact. This will give you a better idea of what you need to tackle first and most seriously.

Do this...

1. Draw up a simple risk management grid, as shown below:

2. Enter each of the items you identified in Step Three in the relevant part of the grid. This will obviously involve some guesswork and estimation. The items placed in the top right corner (high probability & high impact) should be considered a high priority.

High probability & Low impact	High Probability & High Impact
Low probability & Low impact	Low Probability & High Impact

3. It is common to be pessimistic when first attempting this process; often we will place most of the risks in the high impact quadrants. Once you have completed your first try have a look at it again and try to **realistically** assess the risk – you may come up with a different picture.

Step Five: Tackle the high priority risks

You have three main courses available to you in tackling your organisation's risks: fix what you can fix, shift what you can shift, and insure what you can insure.

Do this...

1. Hold a brainstorming session to propose possible courses of action to minimise or prevent each of the high-priority risks identified in Step Four. Fix anything you can fix immediately. Bear in mind you may need to change your systems, your procedures, your physical plant and your attitudes to address the risks you have identified.

2. If you are not able to remove the risk consider if you can shift the burden to someone else's shoulders – for example, by hiring sub-contractors, asking people to sign waivers, or putting in place disclaimers (but bear in mind the latter two courses of action have limited legal application).

3. Insurance will provide you with some protection for things that fall through the gaps in your risk management strategy. After all, you can't foresee everything and you can't always avoid even those things you can foresee.

4. If you can't get insurance, review

Seven Steps:
to a responsible risk management strategy
(continued from previous page)

your processes again and see if you can avoid the risk. If not, you may have to stop that activity or at the very least document how you have reached the decision to proceed.

5. Present your risk management grid to the next Board meeting and seek endorsement for future remediation plans.

Step Six: Start tackling lower-priority risks

Even lower-priority risks – those less likely of occurring or less likely of causing significant harm to your group or its stakeholders – should be considered seriously. You need to put in place a process that allows the group to tackle every risk possible.

Do this...

1. Create a "Risk Register" with six columns, as indicated in Figure 1. Use the information gathered during Step Four to fill in the register.

2. Post the Risk Register in a prominent place and encourage members, staff and volunteers to add items they feel could be a problem.

Step Seven: Keep the process alive

It is not enough to go through the initial risk assessment and treatment process and think your work is done. The Risk Manager needs to ensure that the Risk Register is kept up to date and that the risk assessment process is repeated annually.

Do this...

1. Assign the Risk Manager the responsibility of carrying out the following tasks:

   • Regularly checking the Risk

Register to ensure that risks are being treated in a timely fashion.

• Ensuring that the Risk Register is kept up to date, with treated risks removed and new risks added as identified.

• Keeping a record of items that have been removed from the Risk Register.

• Providing a regular report to the Board on risk management activities.

• Scheduling and running an annual Risk Management Meeting.

2. Build your Risk Management Strategy into a policy that shows how organisation's approach to risk management. Write it down. Make sure everybody knows about the policy and follows it. Arrange to review it regularly.

Figure 1

Problem	Level of Risk	Remediation	Person Responsible	Timeline	Date Completed
e.g. Broken tiles at entrance – danger of tripping	High Probability & High Impact	- Short-term: tape over broken tiles - Longer-term: get tiles fixed	John Smith	- Tape over tiles immediately; - Tiles fixed by July 31	

Board Builder Tip

This is a "bare bones" approach to risk management. For more detailed information, visit Our Community's Insurance & Risk Management Centre at **www.ourcommunity. com.au/insurance.**

Keeping them Sweet
Retaining volunteers for the long term

Ensuring a "good fit" between volunteers and the organisations they work with can help not-for-profit organisations retain volunteers in the long term, according to an international report.

Matching volunteers with appropriate experiences can lead to happier and more dependable, loyal and committed volunteers, a new report says.

The report, *Sustainability: How Nonprofits Can Sustain Volunteers' Commitment*, was drawn from a survey conducted by the leadership-focused international not-for-profit organisation, the Aspen Institute, on how best to retain effective volunteers.

The report says volunteers' intentions to continue volunteering with their host organisations are often based on perceptions of future opportunities within them.

And it identifies ways not-for-profit organisations can enhance the "volunteer experience" and provide this "best fit", including:

- Developing training programs, volunteer handbooks, and formal policies and procedures.

- Considering hiring volunteer coordinators to enhance volunteer satisfaction.

- Using performance evaluations to assess volunteer progress, expand responsibilities for volunteers, and inform volunteers of how they help the organisation achieve its goals.

- Looking at the goals of the volunteer, as well as the opportunities the organisation has available to help achieve a "good fit". This helps ensure successful volunteer recruitment, retention, and performance.

- Evaluating volunteers' emotions toward their experiences. These emotions are strong indicators of whether volunteers will stay with or leave the organisation.

- Paying special attention to the values, understanding, and career motivations of volunteers when designing volunteer programs.

A snapshot of the survey findings is posted online at **www.worldvolunteerweb.org/dynamic/infobase/pdf/2005/vol_sustainability.pdf**.

Burning Question...

Q: What is the difference between a not-for-profit Board and a Committee of Management?

A: The short answer is – nothing. In practice, and legally, they are the same thing with different names; that is, the highest authority of a not-for-profit organisation. There are no restrictions on a Committee doing anything considered "Board-like", or vice versa.

Do you have a burning question you would like us to answer? Email your question to **kathyr@ourcommunity.com.au**

Book Review:
Rethinking the work of governing Boards

Non-profit governance expert ALAN HOUGH says a new book on non-profit governance could help Board members rethink the way they work.

Richard P. Chait, William P. Ryan, Barbara E. Taylor. Governance as leadership: reframing the work of nonprofit Boards (John Wiley & Sons, Hoboken, 2005)

Boards are supposed to be significant and central to the work of their organisations, so much so that every incorporated organisation is required by law to have one. Yet research and anecdotal evidence suggests that many Boards under-achieve. Attempts to improve the work of governing Boards often disappoint. Despite attempts to recruit the best and brightest, the reality is that some directors are disengaged. While thinking about organisations has evolved, thinking about governance has not evolved to the same degree. These are the issues that Harvard University academics and consultants Chait, Ryan and Taylor attempt to address in their latest book.

The authors draw our attention to an important paradox in the work of Boards and CEOs of non-profit organisations. Although Boards have historically been seen as the leaders of non-profits, CEOs are increasingly professional managers and skilled leaders. One consequence of this is that Boards are more and more deprived of meaningful work, yet at the same time they are exhorted not to engage in "micro-management".

Chait, Ryan and Taylor argue that the problems experienced by some governing Boards are not so much problems of Board performance, but problems of purpose. In one of the most insightful contributions of the book, the authors note a number of realities of the work of Boards. They note that much of the official work of Boards is highly episodic, for example,

the important role of the Board when appointing a new chief executive. Work such as monitoring, while very important, is highly unsatisfying for many directors. Some functions of the Board, such as conferring legitimacy and encouraging reflection and reporting by management, are undemanding. And work such as resolving micro-level operational issues can be immediately rewarding, but is discouraged for fear of being seen to be meddling. The book notes that how Boards are structured, how they are composed, and what processes they use are often the result of history and imitation, rather than being based on evidence of effectiveness.

The book argues for Boards to use different modes of governance. In the fiduciary mode, Boards act as the trustees of the organisation's mission and assets and are accountable for legal compliance and organisational performance. In the strategic mode, the Board's focus is more on performance than conformance, and the directors are more externally-focused. Neither of these modes will be new to readers of most texts on governance.

The authors argue for the recognition of a third mode of governance – a generative mode – based on a different way of thinking about organisations. In this mode of thinking, organisations are more than rational strategies and plans, but are "cultures, political systems and symbolic

contexts". When engaging in generative thinking, Boards are aware of these alternative contexts, frame and reframe issues, shape organisational culture, help the organisation to make sense of itself and its environment, and envision alternative futures.

This is not to suggest that the third mode of governance is the best form of governance; rather, the authors argue that all three modes are equally important. The authors highlight the generative mode as Boards are likely to be more experienced in the fiduciary mode, and to a lesser extent the strategic mode.

"Work such as resolving micro-level operational issues can be immediately rewarding, but is discouraged for fear of being seen to be meddling."

How do Boards work in the generative mode? The authors suggest that Boards can have more awareness that goals are ambiguous and contested. They can be more concerned with questions of sense-making and meaning. Our governing bodies can be on the alert for issues that, because they are important, controversial, or likely to have irreversible consequence, indicate that generative thinking might be called for. Boards can work on the boundaries of the organisation, by doing things such as meeting with other Boards and

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with clients in order to expand their understanding of the organisation's current work and possible work. They can create stories about their organisation, its history and its work, in order to create and share their sense of the meaning of the organisation's work. Boards can explore alternative futures, perhaps dreaming their wildest dreams for the organisation and then working backwards to determine what must be done to achieve those dreams.

The concept of generative governance is potentially quite useful. However, the concept can be questioned. First, the authors use the term "generative thinking" without offering a clear definition. Second, some have always understood true strategic thinking to embrace what the authors describe as generative thinking, and thus understood the strategic mode to incorporate what the authors suggest to be a different mode of thinking. Third, as the authors note, the opportunities for true generative work are limited. It would have been useful if the authors could have more fully explored the implications of this

reality for their expectations of Boards. For example, if Boards can do this work only infrequently, is it realistic to expect that Boards will do it well? And finally, we can ask whether the authors have merely created another model of 'heroic Boards' – where Boards and CEOs work with amazing dexterity and discipline – without empirical evidence to demonstrate that these behaviours can be achieved and then sustained over time.

Although drawing on insights from academic research and theory, the book is generally accessible to the lay reader and is practical in focus. Having said that, there a slight and unnecessary tendency to use annoying jargon, uncommon words, and the occasional foreign phrase.

Despite my questions and slight frustrations, this is an important work, and has indeed brought a new perspective to thinking about the work of governing Boards. From a practitioner perspective, the suggestions made in

the book on how to encourage creative thinking and reflective practice will undoubtedly be used in many a Board retreat.

The Book:
Governance as leadership: reframing the work of non-profit Boards by Richard P. Chait, William P. Ryan and Barbara E. Taylor. Published by John Wiley & Sons, Hoboken, 2005

The Reviewer:
Alan Hough is a doctoral student with the Centre of Philanthropy and Non-profit Studies at Queensland University of Technology. Alan, whose research involves examining how non-profit Boards monitor and influence organisational performance, has served as a volunteer, staff member and Board member with a range of non-profit organisations.

Technology Tips

Four new guides have been released in the US to provide technology tips to not-for-profits in the arts and culture, health and human services, education services and community development sectors.

The *Guides to Technology as a Service Tool* have been produced by NPower – a US organisation devoted to bringing free or low-cost technology help to non-profits.

They are designed to show non-profit leaders how to integrate technology into their organisations, covering best practice steps including selection, evaluation and implementation of appropriate technology tools.

"The goal is to inspire non-profits about the possibilities of technology as a service delivery tool, and to provide non-profit leaders with real-world examples that demonstrate that potential," NPower says. The guides can be downloaded from **http://www.npower.org/resources/guides/index1.htm**.

Putting it in Writing
New code sets out governance guidance

A governance code for not-for-profit groups has just been released in England as part of a new governance project approved by the UK government in July. The code is a useful reference point for Australian Boards and Committees seeking guidance on their roles and responsibilities.

Promoting more effective community and voluntary sector governance – and in doing so improving stakeholder and public confidence – are two of the driving forces behind the development of a new Code for the Voluntary and Community Sector.

The code, which forms an important plank of a new Governance Hub in England, is designed to be relevant to all types of not-for-profit organisations, regardless of size or type.

As an introduction, the Code asserts that not-for-profit Board and Committee members should uphold the seven principles of public life – also known as the Nolan Principles. These are:

- Selflessness,
- Integrity,
- Objectivity,
- Accountability,
- Openness,
- Honesty, and
- Leadership.

The Code also identifies seven guiding principles towards good governance, and ways each can be achieved.

1. Board leadership

Every organisation should be led and controlled by an effective Board which collectively ensures delivery of its objects, sets its strategic direction and upholds its values.

- **Board role:** Board members have, and must accept, ultimate responsibility for directing the affairs of their organisation, ensuring it is solvent, well-run, and delivering the outcomes for which it has been set up.
- **Strategic direction:** Board members should focus on the strategic direction of their organisation and avoid becoming involved in day-to-day operational decisions and matters (except in the case of small organisations with few or no staff). Where Board members do need to become involved in operational matters, they should separate their strategic and operational roles.

2. The Board in control

Board members should collectively be responsible and accountable for ensuring that the organisation is performing well, is solvent, and complies with all its obligations.

- **Compliance:** The Board must ensure that the organisation complies with its own governing document, relevant laws, and the requirements of any regulatory bodies.
- **Internal controls:** The Board should maintain and regularly review the organisation's system of internal controls, performance reporting, policies and procedures.
- **Prudence:** The Board must act prudently to protect the assets and property of the organisation, and ensure that they are used to deliver the organisation's objectives.
- **Managing risk:** The Board must regularly review the risks to which the organisation is subject, and take action to mitigate risks identified.
- **Equality and diversity:** The Board should ensure that it upholds and applies the principles of equality and diversity, and that the organisation is fair and open to all sections of the community in all of its activities.

3. The high performance Board

The Board should have clear responsibilities and functions, and should compose and organise itself to discharge them effectively.

- **Duties and responsibilities:** Board members should understand their duties and responsibilities and should have a statement defining them.
- **The effective Board:** The Board should organise its work to ensure that it makes the most effective use of the time, skills and knowledge of trustees.
- **Information and advice:** Board members should ensure that they receive the advice and information they need in order to make good decisions.
- **Skills and experience:** Board members should have the diverse

Putting it in Writing
New code sets out governance guidance
(continued from previous page)

range of skills, experience and knowledge needed to run the organisation effectively.

- **Development and support:** Board members should ensure that they receive the induction, training and ongoing support needed to discharge their duties.
- **The chief executive:** The Board should make proper arrangements for the supervision, support, appraisal and remuneration of its chief executive.

4. Board review and renewal

The Board should periodically review its own and the organisation's effectiveness, and take any necessary steps to ensure that both continue to work well.

- **Performance appraisal:** The Board should regularly review and assess its own performance, that of individual trustees, and of sub-committees, standing groups and other bodies.
- **Renewal and recruitment:** The Board should have a strategy for its own renewal. Recruitment of new trustees should be open, and focused on creating a diverse and effective Board.
- **Review:** The Board should periodically carry out strategic reviews of all aspects of the organisation's work, and use the results to inform positive change and innovation.

5. Board delegation

The Board should set out the functions of sub-committees, officers, the chief executive, other staff and agents in clear delegated authorities, and should monitor their performance.

- **Clarity of roles:** The Board should define the roles and responsibilities of the chair and other honorary officers, in writing.
- **Effective delegation:** The Board should ensure that staff, volunteers and agents have sufficient delegated authority to discharge their duties. All delegated authorities must have clear limits relating to budgetary and other matters.
- **Terms of reference:** The Board should set clear terms of reference for sub-committees, standing groups, advisory panels, etc.
- **Monitoring:** All delegated authorities must be subject to regular monitoring by the Board.

6. Board and trustee integrity

The Board and individual members should act according to high ethical standards, and ensure that conflicts of interest are properly dealt with.

- **No personal benefit:** Board members must not benefit from their position beyond what is both legally allowed and in the interests of the organisation.

- **Dealing with conflicts of interest:** Board members should identify and promptly declare any actual or potential conflicts of interest affecting them.
- **Probity:** There should be clear guidelines for receipt of gifts or hospitality by Board members.

7. Board openness

The Board should be open, responsive and accountable to its users, beneficiaries, members, partners and others with an interest in its work.

- **Communication and consultation:** The organisation should identify those with a legitimate interest in its work (stakeholders), and ensure that there is a strategy for regular and effective communication with them about the organisation's achievements and work.
- **Openness and accountability:** The Board should be open and accountable to stakeholders about its own work, and the governance of the organisation.
- **Stakeholder involvement:** The Board should encourage and enable the engagement of key stakeholders, such as users and beneficiaries, in the organisation's planning and decision-making.

This outline of the Code for the Voluntary and Community Sector appears here with the kind permission of the National Governance Hub for England – a partnership of eight not-for-profit infrastructure organisations designed to lead initiatives to improve the governance of English voluntary and community organisations. A summary version of the Code, called *Learning to Fly* (targeted at smaller community groups), as well as the full code, are available at **www.governancehub.org.uk**

*the*Board**builder**

www.ourcommunity.com.au

Ten steps to Board Utopia:
The Ideal Meeting Agenda

1. **THE STRUCTURE** of the agenda is designed to reflect the particular aims of the meeting, rather than being identical to all previous agendas.

2. **EACH ITEM** requiring a separate decision is listed separately, with a brief summary provided to ensure everyone attending at the meeting is well-briefed about what is going to be discussed.

3. **THE LAYOUT** of the agenda is well-spaced and easy to read and navigate. The text is big enough for people with weak eyesight to read.

4. **THE CONTENT** of the agenda is pithy, with enough information about each item to give a good overview of the issue, without being cluttered with irrelevant details.

5. **URGENT ITEMS** and those requiring energy and fresh ideas are placed towards the top of the agenda, leaving room for less important items to be deferred if time runs out. Complicated issues or those that require greater attention than an ordinary meeting can allow are saved for a special meeting or retreat.

6. **EACH ITEM** is marked with a clear purpose (e.g. for information, for decision, for discussion), and/or action required, as well as a time guidance allocation, ensuring that more time is set aside for issues of higher importance.

7. **RECOMMENDATIONS**, or several recommendations that clearly show the options available to the Board, are provided for each agenda item that requires a decision.

Recommendations are expressed clearly and are free of ambiguity.

8. **A "CONSENT AGENDA"** is included to ensure routine motions (to accept committee reports, for example) are listed but carried in bulk to avoid clogging up the meeting with standard items.

9. **SUPPORTING MATERIALS** (budget sheets, reports, etc.) are clearly marked (e.g. Attachment 1), with the number noted in the corresponding agenda item.

10. **THE AGENDA** and supporting documents are distributed at least a week before the meeting. Information that may be of interest but will not contribute to the meeting's outcomes is not included with the agenda mail-out.

Rewarding Good Governance - *New competition for Victorian community groups*

Does your organisation make a strong contribution to the community, have an open membership, equitable distribution of decision-making powers and good internal governance?

The inaugural Victorian Good Governance Community Award (created by the Lions Club of Melbourne) will reward the Victorian community organisation that best demonstrates that it has practised and promoted good governance and good citizenship in its community through:

• Open membership
• Good internal governance
• Equitable distribution of decision-making powers amongst members
• Contribution beyond its own membership to a wider community.

 This year the competition will centre on the theme of community involvement in next year's Commonwealth Games.
Details: **www.ourcommunity.com.au/GoodGovernanceAward**

Legally Speaking
New Australian fundraising guide launched

When it comes to fundraising, one of the most basic – yet vital – requirements is that you stay within the law. That task has been made a little bit easier following the release of a new Tax Office guide.

A guide to help Australian not-for-profit organisations negotiate their way through the full range of local, state and federal government laws relating to fundraising has been released by the Australian Taxation Office (ATO).

The guide – *Non-profit Organisations and Fundraising* – looks at the tax laws relating to various fundraising activities, as well as what, if any, concessions are available.

It also goes through the different requirements that each state, territory or local government may have in relation to fundraising.

The guide is divided into a number of sections, each covering a specific topic. They include:

- **Tax deductible gift**s – which explains the requirements for a gift to be tax deductible, as well as the types of records the donors need to keep.
- **Tax deductible contributions** – looking at the rules introduced last year about how individuals may be able to claim a tax deduction for contributions they make to fundraising events such as dinners and charity auctions.
- **Not-for-profit organisations and**

income tax – which looks at when an organisation may have to pay income tax on funds raised.
- **Goods and services tax (GST)** – and how it impacts on some fundraising activities.
- **Fringe benefits tax (FBT)** – works through when fringe benefits tax may be applicable for not-for-profits.
- **State government requirements** – concentrates on the differing state-level requirements which exist for fundraisers such as bingo, raffles and door-knock appeals, which are regulated by state and territory authorities. ▶▶▶

New tax rules for charities

Charities now have to receive Tax Office endorsement to access income tax, Fringe Benefits Tax (FBT) and Goods and Service Tax (GST) charity concessions under Australian Tax Office rules that came into force on July 1.

Currently, charities only need to be endorsed to access income tax concessions.

The changes are the second stage of a process which began on July 1, 2004 and has included an extension to the common law meaning of a charity.

Under the new rules, bodies that are currently endorsed as Income Tax Exempt Charities (ITEC), and have any other existing endorsements for Deductible Gift Recipient (DGR) status, will continue to hold that endorsement.

But the ATO has called on those charities to review their existing endorsement/s and advise the office if they are no longer entitled.

The changes will also see:

- Charities' income tax, FBT and GST endorsements publicly displayed on the Australian Business Register at **www.abr.business.gov.au**.
- Charities receiving new endorsement notices which will advise the concessions for which they are endorsed.

For more information on the changes, refer to the ATO's website at:
www.ato.gov.au/nonprofit/content.asp?doc=/content/46622.htm&page=1&H1

Legally Speaking
New Australian fundraising guide launched
(continued from previous page)

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Resources

- **Local government requirements** – providing information about some of the requirements relating to the use of public spaces in fundraising that may be put in place by local councils.

In addition, the guide contains some useful definitions of commonly used terms.

The launch of the *Non-profit Organisations and Fundraising* guide coincides with the re-launch of an updated ATO publication on not-for-profit volunteers and tax.

Non-profit Organisations and Volunteers is a revised version of the old *Volunteers and Tax* guide, but has been recently updated to cover new endorsement requirements under Fringe Benefit Tax (FBT) and Goods and Services Tax (GST) laws.

The re-launched guide gives a good basic rundown of the tax treatment of transactions that commonly occur between non-profit organisations and volunteers (such as payment of honoraria, reimbursements and allowances), as well as providing a reference point for other related ATO publications.

The Non-profit Organisations and Fundraising guide is online at **http://www.ato.gov.au/nonprofit/content.asp?doc=/content/56536.htm**, while the re-badged *Volunteers and Tax* guide is at **http://www.ato.gov.au/nonprofit/content.asp?doc=/content/8729.htm**.

BoardTalk
Catherine Walter

Solicitor and high-profile commercial and non-profit director CATHERINE WALTER reveals The Meaning Of …

COMMUNITY: You, her, them, him, me - all of us

COMMUNITY SECTOR GOVERNANCE: At its best: a benchmark for all governance

CORPORATE GOVERNANCE: Accountability and responsibility to shareholders and stakeholders

AMBITION: Powerful motivator for many but dangerous characteristic in some others

WOMEN ON BOARDS: First movement of an unfinished symphony

MEETINGS: Potentially productive, potentially wasteful - it's up to you

ETHICS: That which makes us human

REPUTATION: The sum of a life's work, commitment and humanity

DUTY: It keeps us focussed

HUMOUR: Keeps you sane

POWER: Responsibility

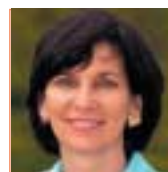**QUITTING:** Not until the job's done if it's a job worth doing

RISK: Needs to be rationally evaluated and weighed against the reward

GROUP DYNAMICS: Depends on the group – but should be a creative cauldron

LEADERSHIP: Service

DISSENT: Potential source of progress and better outcomes; can be preferable to mindless assent.

INDEPENDENCE: Freedom of thought

Catherine Walter

Catherine Walter is a solicitor and a director who serves on a number of listed public companies and government and charitable bodies. Cathy's current director-ships include the Australian Stock Exchange, Orica Limited, Australian Foundation Investment Company, Melbourne Business School and the Walter & Eliza Hall Institute of Medical Research.

Not-for-profit governance news from around the globe

Keeping it real for the 'Hoodie Two Shoes'

Active citizens who "keep it real" are challenging the traditional view of volunteering, according to a new report from the UK think-tank, Demos.

The report, *Start with People*, argues that radical new forms of volunteering could be the secret to rejuvenating communities and delivering better public services.

And it highlights the emergence of new forms of citizen activists, including the "Hoodie Two Shoes", described as "highly motivated young people committed to improving communities in a way which is immediate and authentic".

"Their energetic approach to civic engagement is far removed from traditional modes of volunteering characterised by coffee mornings, committee meetings, and a preponderance of retirees," Demos says.

The report argues that efforts to foster a culture of volunteering will fail unless the experience is made authentic for young people.

"The best community organisations realise that volunteering shouldn't be about 'giving up' time to do something unrelated to the rest of your life," say authors Paul Skidmore and John Craig.

"Civic participation only works when it is 'real'."

The report can be downloaded at **www.demos.co.uk**

Towards "cultural competency"

Resources for helping organisations work towards greater cultural diversity are the subject of a new web listing in the US.

The resources, including documents, guides, tools and discussion pieces, have been brought together as part of the Alliance of Non-profit Management's Cultural Competency Initiative.

Documents are divided into categories and grouped under the headings of Concepts and Background, Technical Assistance, Collaboration, and Issues Areas.

The resources are grouped online at **http://www.allianceonline.org/about/cc_resources.page.**

Common vision the key to effectiveness: report

Not-for-profit organisations can function and fundraise more effectively when key players share a common vision, the, a US research study has found.

The study, *Exploring Non-profit Board Trustee-Staff Relationships: Do they Influence Philanthropic Outcomes?*, produced by the Crohn's & Colitis Foundation of America, highlights the importance of a shared vision for fundraising and teamwork among stakeholders.

"When stakeholders share the fundraising vision, they are better able to communicate how the organisation's mission is fuelled by donations," the report says. "In turn, they are better able to formulate

strategic plans and clarify how (the Board) and staff will work together to reach fundraising goals."

The report also looked at:

- The impacts of Board–staff relationships on an organisation's fundraising success;
- The need for a shared and clear understanding of the distinct roles of trustees and staff members;
- How the Board's involvement in the development of the organisation's strategic plan can be a motivator for fundraising ownership; and
- The need for senior staff to present a "united front" approach to philanthropy.

Communication skills lacking: study

Many US non-profit organisations are lacking effective marketing and communications skills, a new study has found.

The study, which was conducted by US non-profit consultants Cause Communications, found that 90 per cent of respondents' organisations did no market research on their target audience.

Fifty-nine per cent said their communications budget could be better and 12 per cent said they had no communications budget at all.

And 80 per cent said their Board discussed communications only once a year or less, with 85 per cent of organisations not regularly including communications staff members in the decision-making process.

A discussion of the findings, including

Not-for-profit governance news from around the globe

(continued from previous page)

tips for improvement, is contained in the June edition of the *Chronicle of Philanthropy* at **http://www.newdream. org/about/mediaclips/chronphil2005. php**

Reading the Charity Trends

Not-for-profit organisations must invest in fundraising if they are to ride out the current, bumpier economic outlook, a new UK report says.

Charity Trends 2005, which is published by the Charities Aid Foundation, says organisations must also think hard about the potentially damaging consequences of an increasing reliance on income from government and local authorities.

Other major findings from the report include:

- The voluntary income of the UK's top 500 charities reached £49 billion during 2003/04, with Cancer Research UK ranked number one.
- The UK's top 500 fundraising charities saw a 2.9 per cent increase in their average number of employees between 2002/03 and 2003/04.
- Worldwide community involvement of the top 500 UK corporate donors has grown for the first time in three years, and the banking sector is beginning to dominate corporate giving.
- Breast cancer is one of the UK's fastest growing charitable causes, with breast cancer charities increasing their total voluntary income by almost twice the rate of other cancer charities during 2003/04.
- Charities providing social welfare

services got 26 per cent of the value of all donations to the top 500. Donations to social care charities equalled 9 per cent of government expenditure on social protection.

Read more about the report at **http:// www.cafonline.org/news/news_ frame.cfm?whichStory=4104**

Public service delivery debate rolls on

The debate continues in the UK over the government's push for not-for-profit organisations to take on a greater role in public service delivery.

The National Audit Office has released a study calling for "substantial improvements" in the way the government contracts not-for-profit organisations, saying many not-for-profits believe the government's funding practices have worsened in the last few years.

The study follows publication of a report on the issue by the National Council for Voluntary Organisations, which is working to promote a better relationship between government and the not-for-profit sector.

Meanwhile, the Charity Commission has published a policy statement highlighting the key considerations for charities that deliver public services, saying it neither encourages nor discourages the practice.

The Commission says it is vital that charities consider whether it is in the best interests of their beneficiaries to take on a greater role in public service delivery and that they should not allow their independence to be compromised.

"We are concerned with ensuring that charities retain their independence, remain focussed on their objects and properly meet their beneficiaries," the statement says.

Award-winning business ventures named

Eight US not-for-profit organisations have been named as winners of the third annual National Business Plan Competition for Non-profit Organisations.

The four grand prize winners and four runners-up were selected from 460 entries for the competition, which was run by the Yale School of Management – Goldman Sachs Foundation Partnership on Non-profit Ventures.

The grand prize winners – EcoLogic Finance in Massachusetts, First Book in Washington, NPower in New York and MissionFish in Washington – will receive hundreds of hours of technical business planning consultation, along with $100,000.

The four runners-up also receive business support, and $25,000 cash.

"In addition to the entrants of the current year, it was particularly gratifying to hear reports from previous award recipients, whose ventures are progressing nicely," said Partnership spokesman Stanley Garstka.

"They are now seasoned entrepreneurs, balancing running for-profit ventures with the goals and objectives of their parent non-profits, confident they could develop other new ventures if called upon. Indeed, we are developing a new breed of social entrepreneurs."

The One-Stop-Shop for Busy Boardies

TheGoodOil

No time to read the Board Builder now? We have distilled all the essentials in one bite-sized grab.

BOARD EFFECTIVENESS: Getting the Best out of your Board

Although Boards have historically been seen as the leaders of non-profits, CEOs are increasingly professional managers and skilled leaders. One consequence of this is that Boards are more and more deprived of meaningful work, yet at the same time they are exhorted not to engage in "micro-management". The problems experienced by some governing Boards are not so much problems of Board performance, but problems of purpose.
Rethinking the work of governing Boards – Page 30

Evaluating the work of Boards and individual Board members is now widespread in Australia. The evaluation process is likely to be more effective if the Board has thought through its role and what it is seeking from individual directors and the team as a whole. Evaluation of individual Board members can be uncomfortable, but it is healthy.
Lessons from the Corporate World – Page 13

Board members don't need to love each other all the time. You can work with people you don't particularly like; what's important is that you respect any differences and know what the working agreements are. Board members need to combat the tendency towards "groupthink". They need to check assumptions time and again. They need to speak up if they think anything is even a bit wrong. They need to clarify agreements, authority and accountability. They should not take anything for granted.
Blood, Sweat and Fears – Page 7

Self-assessment is an issue that appears to have slipped under the radar for many Australian community groups, with 37 per cent of respondents to a 2005 survey saying their Board/Committee had never undertaken a self-assessment exercise.
Get on Board – Page 6

Increased scrutiny of non-profit Boards has created too narrow a focus on compliance, leading to under-performing Boards. Boards must not only fulfill fiduciary responsibilities, but must also advance their organisation's mission.
The Source– Page 22

GOOD GOVERNANCE: Ethics and Accountability

Not-for-profit Board/Committee members should strive to uphold the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
Putting it in Writing – Page 32

BOARD RESPONSIBILITIES: Policy-Making

Different organisations need different policies to suit their own circumstances. Every organisation should have in place policies which address each of its key areas of business and the smooth running of the organisation. Organisations should also have a process in place to ensure policies are reviewed on a regular basis.
Assessing Board performance – Page 23

BOARD RESPONSIBILITIES: Human Resources

While often personally satisfying, working in the not-for-profit sector can be very demanding. It is the Board's role to help the Executive Officer and the staff to see their work in the larger strategic context and to ensure that staff and volunteers are putting their effort towards the strategic goals of the organisation and achieving their own performance indicators.
Assessing Board performance – Page 13

The perfect employee for your organisation can always be found and enticed into your fold; it's just a matter of knowing how to do it. When recruiting staff, a targeted search is more efficient than a scattergun approach. Unrealistically low salaries will put off good applicants. Similarly, recruiting on the cheap will get a result, but not necessarily the best result.
Head Hunting – Page 4

One of the keys to success of forming a high-level collaboration between not-for-profit organisations is to seek like-minded, compatible but non-competing organisations. This helps to foster a strong spirit of cooperation. The project is also more likely to be successful where it has a dedicated

The One-Stop-Shop for Busy Boardies

project manager, detailed and agreed objectives, recognition and management of risks, and celebration of successes. Benefits of collaborating can include financial savings and sharing of resources and best practices, which in turn provide benefits for the people the organisation serves.
Cooperation, Collaboration, Co-location – Page 18

Matching volunteers with appropriate experiences can lead to happier and more dependable, loyal and committed volunteers. Ensuring a "good fit" between volunteers and the organisations they work with can help not-for-profit retain volunteers in the long term.
Keeping them Sweet – Page 29

BOARD BUSINESS: Towards Better Meetings

The ideal meeting agenda is well-structured, well-spaced, and distributed well before the meeting. Each agenda item is listed separately, explained briefly, and marked with a purpose, a rough time allowance and a recommendation. Items requiring energy and fresh ideas are placed towards the top.
Utopia – Page 34

BOARD LIFECYCLE: Recruitment, Induction, Training and Succession

Community groups would prefer time-based contributions from community members over financial contributions, despite the cash-strapped nature of the not-for-profit sector. While community groups always need more

money, if they can build support and membership, the money will come from that wider network.
Get on Board – Page 6

Recruitment strategies that involve the use of "old boy" and professional networks need to change if more women are to be included on decision-making Boards in rural and regional Australia. Traditionally, those networks do not include women. Organisations that continue to use them will miss out on their talents and see their competitors race ahead.
Cutting through the Grass Ceiling – Page 11

There are a range of strategies that Boards can employ when they are struggling to fill Board vacancies, including: looking more widely for good Board prospects – among existing and retiring Board members, among consumers, and outside the usual circles; making the organisation more attractive to prospective members – by reviewing the marketing and communications strategy, by making meetings more interesting and welcoming, by highlighting the benefits of Board service, and by looking after the needs of existing members; putting in place a succession plan – including a skills audit of current members; and putting in place a mentoring program for new or prospective members.
The Board Doctor – Page 15

BOARD RESPONSIBILITIES: Finding the Money

When it comes to fundraising, one of the most basic – yet vital – requirements is that you stay within the law. That task has been made a

little bit easier following the release by the ATO of a new guide for Australian not-for-profit organisations on local, state and federal government laws.
Legally Speaking – Page 35

BOARD RESPONSIBILITIES: Risk Management

Risk management is a vitally important part of a Board's role. The Board must cast a critical eye over all activities undertaken by the organisation to assess all the possible risks, problems or disasters and then set up procedures that will avoid the risks, or minimise their impacts, or cope with their impacts. Moving from an ad hoc approach to a more formalised risk management strategy will help to fill any gaps in your existing risk management activities.
The Toolbox – Page 26

Words of Wisdom

"A sense of humour is part of the art of leadership, of getting along with people, of getting things done."

Dwight D. Eisenhower, US President, 1953-1961

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Newsletters

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Business Community Intelligence: Smarter Business, Better Communities Newsletter

Business Community Intelligence is the first Australian Corporate Social Responsibility newsletter solely devoted to building best practice in the field within Australia. This quarterly newsletter is written by experts and aims to provide ideas, insights, and information on what works and what doesn't when it comes to CSR. Business Community Intelligence aims to encourage new forms of meaningful business and non-for-profit partnerships, whilst helping Australian businesses make their corporate responsibility initiatives even more targeted and more successful.

Visit:
www.ourcommunity.com.au/BCI to view a recent sample or subscribe – only $485 a year by email or $585 a year by post for all organisations, groups and individuals.

How-To Books

Transforming Community Committees & Boards – From Hell To Heaven

Make a difference by working to transform your Board into an effective, energetic and productive team that sets the example for the entire organisation. In this guide you will learn how to improve your Board by targeting and recruiting suitably skilled members, discovering the best ways to fulfill your roles and responsibilities and evaluating the success of your Board.

Visit:
www.ourcommunity.com.au/books for more information.

Surviving and Thriving as a Safe Effective Board Member – The essential facts you need to know before, during and after joining a community Board

This guide addresses all the questions you should ask before you join a not-for-profit Board, your responsibilities while on the Board and the action you should take when you decide it's time to leave. It is a must for any Board member and anyone considering a Board Position. This guide also features the insights and tips of some of Australia's most experienced and knowledgeable community Board members.

Visit **www.ourcommunity.com.au/ books** for more information.

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