One Minute Tips on Governance

Mike Hudson

Compass Partnership
Contents

Foreword 1
Introduction 2
Compass – Cass Governance Model 3

Governance Structures
Lead trustees – boon or bane 4
Ensuring advisory councils add value 5

Governance Processes
Tips on appointing the chair 6
Regular feedback for the chair 7
Balancing appointed and elected board members 8
The importance of thorough induction 9
Setting chief executive pay 10
Diversity matters 11
Board performance reviews 12
Dealing with a difficult trustee 13
Individual reviews for trustees 14

Governance Meetings
Attendance 15
Making board meetings work 16
Getting the board to work as a team 17
Private time in board meetings 18
Governance Behaviours

Collective responsibility 19
Time the chair should give 20
Building trust 21
More praise allows stronger challenges 22
Constructive challenge 23
Managing conflicts of interest 24
Conflicts with the electorate 25
Business-charity culture clash 26
Electronic devices in board meetings 27
Giving difficult advice to chief executives 28

Board and Trustee Development

Strengthening governance 29
Climbing the career ladder 30
Compass Partnership governance services 31

The author 32

Compass Partnership 33
Our books 34
Foreword

When charities are in the news, it is often because something has not been properly dealt with around the board table. Governance is a subtle, multi-faceted subject and the rules are far from simple.

Third Sector magazine wanted to offer readers cumulative insights into the complexities of good governance without asking too much of their time. We came up with Checklist, a fortnightly column of no more than 200 words that would make two or three key points.

There was some resistance among our expert contributors: it can be much harder to write concisely than at length. But Mike Hudson and others rose to the challenge and Checklist ran for more than five years without running out of important subject matter, simply dealt with.

I’m delighted that Mike, rather than leave his wide contributions sitting in the archive of our website, has collected them into a booklet for wider distribution. Each page takes only one minute to read but leaves you with a lot to think about: there should be a copy by every trustee’s bed.

Stephen Cook
Editor
Third Sector
Introduction

Compass Partnership has a strong commitment to sharing learning from our consultancy work with as many people as possible. We also make significant investment in evidence based research into the governance and management of civil society organisations.

The booklet brings both those commitments together by promoting our learning and structuring it under the four headings of the Compass – Cass Business School model of governance.

This model (shown overleaf) identifies the wide range of characteristics that need to be managed to deliver effective governance. It was developed through our research (Delivering Effective Governance, DSC, 2012) that pinpointed the most important determinants of effective governance. That work demonstrated that whilst the structures and processes of governance need to be well managed, the best boards pay particular attention to team working and board member behaviours.

The articles written for Third Sector on these topics have been brought together in this booklet and lightly edited to provide a compendium of topical guidance for anyone involved in the governance of civil society organisations.
Compass-Cass Governance Model

The determinants of effective governance include:

** Structures
- Governance structure
- Board size
- Terms of office
- Term limits
- Representation
- Committee types
- Committee size
- Task and advisory groups
- Subsidiaries
- Members from nations and stakeholder groups
- Vice chairs

** Processes
- Succession plans
- Recruitment
- Appointment
- Diversity
- Induction
- Remuneration
- Skills/experience
- Chair selection
- Committee selection
- Strategy and performance
- Risk Governance
- CE performance
- Performance of governance

** Meetings
- Frequency
- Duration
- Attendance
- Agenda planning
- Meeting management
- Quality of papers
- Consent item
- CE’s/Managers presence
- Away days

** Behaviours
- Use of board member skills
- Listening
- Team working
- Praise/challenge
- Openness / trust
- Strategic focus
- Outside meetings
- Conflicts of interest
- Chair – CE relationship
- Experience of other boards
Lead trustees – boon or bane

Lead trustees are members of a board who take particular responsibility for an area of work - for example, as a treasurer. Other functions for which there might be a lead trustee include finance, fundraising, services, campaigns and human resources.

There are strongly held arguments in favour of lead trustees. Boards are more comfortable if a member with relevant experience takes on such responsibilities. And being a lead trustee enables the organisation to make better use of trustee expertise.

It can also strengthen relationships between the board and management. In some cases, the board member can be a voluntary ‘coach’ for the relevant senior manager.

There are also strong arguments against lead trustees including the ever-present danger of lead members becoming complicit with management, finding it increasingly difficult to remain independent and objective. Lead trustees can further blur the often murky boundary between governance and management.

When there is a clear role and holders are aware of the dangers, lead trustees can be valuable. Otherwise, all board members should give their full attention to aspects of governance and not rely on a few colleagues to shoulder particular responsibilities.