

# How Sound Is Your Governance?



**Susie Kay, founder of The Professionalism Group, has worked with professional associations and membership organisations for many years. She has developed standards and strategies, both in the UK and overseas, and worked with a wide range of organisational structures and stakeholder groups. She is passionate about enhancing professionalism in all sectors of the economy.**

## A Tale of Good Governance

Early one morning Chris, a Chief Executive with a difficult decision to make that day, was involved in a brisk discussion with his Board. The discussion was aimed at getting through the various elements of today's key issue and was informed, motivated and to the point. He was looking forward to getting a decision on the issue by close of play. He had planned the meeting with military precision and, having previously arranged several detailed discussions with his Board Chair and Deputy Chair, he was confident of their support. They, in turn, had taken time to gather support offline from other Board members and all were happy that the decision they wanted to reach was the right move for the organisation, for the members and the staff. They had agreed a detailed agenda and schedule for the meeting so all of the preparation was going to result in decisions and specific actions. Excitement and innovation were the order of the day.

Across the table John was thoroughly enjoying the lively meeting. He was feeling very pleased that a couple of the concerns he'd managed to convey to the Deputy Chair in their discussions before this meeting had already been raised as valid and were being taken into account in the decisions being proposed. His role on the board was quite time consuming but he always felt a sense of satisfaction when he knew he was playing a genuine part in moving the organisation forward in the best way for the members. He sipped his coffee and smiled.

In challenging times it is essential that member organisations benefit from sound governance to provide clear leadership, direction and control. Good governance will assist the organisation to overcome challenges, preventing those challenges from impacting negatively or resulting in a decline in the quality of the governance.

With the current economic climate it is essential that membership organisations and associations review, develop and improve their governance in order to ensure continued success. With a light-hearted look at the signs of good and not so good governance we challenge you to consider on which side of the fence your organisation currently sits.

## And a More Cautionary Tale

Meanwhile, in a galaxy and another Boardroom far, far away, David, the Chief Executive, wasn't feeling so good. He had woken with a horrible sinking feeling in his stomach knowing that he had to face another interminable Board meeting which was likely to go on all day and produce very little that was helpful to him. There would be endless, pointless discussions achieving nothing except frustration and high blood pressure. He was acutely aware that the organisation was facing the worst crisis of its long history so could not understand why the Board members seemed to go out of their way to make matters worse, either failing to grasp the issues or refusing to make any constructive decisions.

Across town, Peter was looking forward to a good day as he prepared for the short journey to Head Office. He was really looking forward to the Board meeting today because he was going to tell the Chief Executive exactly where he was going wrong and how he needed to change the strategy to sort things out. He had been discussing the issue with colleagues at work and knew that the organisation would be much better off doing things his way. He was confident his fellow Board members would follow his lead.

George had also woken on the morning of his Board meeting with a sinking feeling when he realised that he still hadn't read the board papers they had sent through from Head Office nearly three weeks ago. These days he seemed to be busier than ever and just had not found a minute to attack that huge pile of documents and background reading. He thought of his fellow board members – surely they would have read them? – And was confident that he could pick up the gist of the discussion as it happened.

## A Sliding Scale

It all sounds like the beginning of a bad novel doesn't it? But George is not alone and David does not suffer in isolation either. Chris and John are, perhaps, the rarer breeds. These caricatures represent opposing ends of the spectrum. At one end are the organisations with fully functional, supporting Boards and the organisations whose board members are 'on the board' but not necessarily 'in the work' are at the other.

Do you recognise any of these scenarios, have you had a moment of sympathy with any of the characters? How many of you can identify with Chris, confident in his Board and the support it gives both to him personally and to the organisation?

We have all met Peter over the years. He drives his knowledge and experience steamroller with certainty, happy in his conviction that there are no other strong voices or – heaven forbid – structures and strategies in place to prevent his headlong rush to fill the void he perceives with his own world view.

Hopefully, fewer and fewer organisations find their experience locked at the negative extreme. However, many do still struggle to find the balance which will allow them to deal with day to day business and to fulfil the expectations of all concerned.

Boards are valuable; the individuals who step up to occupy their seats are incredibly important resources for any organisation. However, even the best of them cannot function at full capacity if an organisation's governance arrangements hamper or hinder or, at best, do not support their activities and their relationship with the organisation's management team.

In these challenging times organisations have an increasing need to continuously improve their working practices, to constantly review how and why they do things. 'Working smarter' is a hackneyed phrase but it does hold a truth. Organisations not only need to function optimally they must also be nimble and flexible at times, able to make decisions because they are confident in their internal knowledge and capability. They also need to be honest enough to know when it is time to take stock and check whether they meet current good practice.

One area which will effectively pre-determine the outcome of any meeting is the health and functionality of the relationship between the Board and the Senior Management Team. That relationship depends on absolute clarity about the roles and responsibilities for each individual involved. Is this an assumed understanding or do you have defined statements to which members sign up?

Whatever the current relationship between your management team and your Board any organisation can be improved. Perhaps it's time to re-examine your governance structures and take an objective look at the skills composition of your board. Does it offer you the support and decision making capability that makes Chris so fortunate?

Do your arrangements ensure that all involved fully understand the parameters and requirements of their role? In David's case, ensuring that they all came to Board meetings fully prepared would be a good place to start! Do both new Board members and those who have been around for a while all understand the full extent of their responsibilities in undertaking and fulfilling the role? Maybe it's time to tell Peter that it is all about the organisation's agreed strategy, not about his own ego.

Does the make up of your Board ensure that you are always ahead of the game regarding financial or legal responsibilities and potential repercussions for the organisation? How often do you look at the difficult issues: What are the real risks you face? Do you have Plan B in

place? How big is your board? Are you still working with a large Board or council and could its shape change in order to streamline or to be more effective?

If for any reason there is a mismatch between what you expect and what you receive from your Board, have you asked yourself whether you are the reason? Whether you are member of the Board or the SMT when was the last time you took the responsibility of suggesting that it was time for the organisation to examine its governance structures and arrangements? When was the last time you read anything about good practice? What has changed recently? When every day brings its own challenges, what can you do right now to make a difference within the organisation which will, effectively, make a difference for your members?

Fix it now. We all have far too much work to do to stay hampered by arrangements which don't support the requirement. Don't just stay in the game, dictate the rules. Can you really afford not to?

Maybe these questions have left you with a sense that it is the right time to re-examine what good practice looks like. Rather than leave you with more questions than answers we would highlight an upcoming conference which will address many of the issues raised.

Entitled 'Embedding Sound Governance in Challenging Times' this Memberwise conference is a membership organisation and association specific event covering many of the issues of governance experienced by such bodies.

With an array of expert speakers it will be a unique opportunity to answer your own questions raised by the above and to obtain practical information and advice.

As a reader of Association Management International we are delighted to offer you the opportunity to enjoy a £50 discount on registration but please be quick – at time of going to press there are only 10 places remaining!

Susie Kay will be Chairing the one-day conference: Embedding Sound Governance During Challenging Times at The National Liberal Club, Westminster, on 10th October 2011

**For full details and to register with your discount please visit: <http://memberwise.org/MemberWiseEvents.aspx>**

**And ensure you enter the code GOV2011 (valid until 7th Oct) when you register to attend.**

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