

Organisational governance



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by Rachel Blackman

Drawings: Bill Crooks

Design: Wingfinger

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Tearfund, 100 Church Road, Teddington,
TW11 8QE, UK

Tel: +44 (0)20 8977 9144

E-mail: roots@tearfund.org

Web: www.tearfund.org/tilz

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Introduction

Some people serve on a board for many years before they fully understand what being a board member is about. This book aims to help current board members and those managing Christian development organisations to consider their different roles and how they can work together to fulfil the organisation's mission. It looks at key governance principles and issues so that organisations can improve their governance structure or set up a governing body if they do not already have one. There is guidance about recruiting and welcoming new board members so that they can fully understand their role before they start their service.

This book is written specifically for Christian development organisations. However, although governance structures of churches may be very different from those of organisations, many of the principles outlined could be transferred to a church context.

Throughout the book, case studies are used to assist learning and help readers to consider how principles work in practice. The case studies are about an imaginary development organisation called 'Help and Hope'.

The book starts by looking at the role of the board. In Section 2, the way that the board works with the rest of the organisation is considered. Section 3 looks at key responsibilities of the board and how these might be carried out. In Section 4, there are ideas about how to set up a board and maintain it. Section 5 considers ways to make boards more effective.

A note about terminology

The words used to describe key people vary from organisation to organisation. In this book the word 'board' is used to describe a governing body and 'board members' for individual people within that group. The term 'CEO' (Chief Executive Officer) is used to refer to the operational manager of the organisation. The word 'leader' is used to refer to both the CEO and members of the board as all have a leadership role.

What is organisational governance?

Organisational governance is the process of overseeing an organisation. It is about having overall responsibility. This involves ensuring that an organisation's work contributes to its mission and purpose and that its resources are used wisely and effectively. Governance is about overseeing and ensuring, rather than doing. It means ensuring that the organisation is well-managed, without having to be involved in the management.

Most institutions have some sort of governing body. This might be called a board, advisory committee or council. The members of the governing body may be referred to with terms such as board members, trustees, elders or governors.

Whatever names are used, all governing bodies have the same characteristics:

- They have the same responsibility – to govern. All types of institutions need to have a body with ultimate responsibility for its affairs.
- They consist of a number of members. A board cannot consist of one person and there is good reason for this. It is unwise for one single person to make important decisions on behalf of an institution. The advantage of group governance is that:
 - better decisions are made because they are based on a number of views and the issues are discussed thoughtfully
 - there is shared responsibility and accountability. It is unfair and unwise to put the responsibilities for governance onto one person. If only one person governs and they abuse their power, the people the institution seeks to serve can suffer. In group governance, board members can keep each other accountable.

Why should development organisations have a governing body?

There are many reasons why it is a good idea for development organisations to have a governing body. Organisations that do not have a board may face a number of problems and their work may be restricted:

- The CEO may be overburdened by overseeing the work of the organisation as a whole and being involved in the details of its operations. It can be easy for the CEO to get so involved in the detail that they lose sight of the wider issues. Having a governing body enables the organisation to be run more effectively. The governing body has the objectivity and time to stand back and look at the wider issues, and the CEO can have more time to concentrate on the organisation's operations.
- Accountability can be weak. If there is no board, the Chief Executive Officer (CEO) alone is the leader and manager of the organisation. Even if there is a leadership team, the CEO usually has ultimate responsibility. This can make the organisation vulnerable to mis-management and poor decision-making. The benefit of having a governing body is that the CEO can be held accountable by a group of people.
- Often, having a governing body is a legal requirement of a registered organisation. If an organisation is not registered, it can miss opportunities that it would have if it were registered (see page 41).
- Organisations without governing bodies may have limited access to funds, since some donors will only fund organisations that have a governing body. These donors believe that organisations without governing bodies are more at risk of failure because accountability is weaker.

Therefore, having a governing body helps the organisation to be more accountable and more efficient. It can also provide the organisation with more opportunities for growth.

Governance structures

There are many different types of governance structure. The type of structure depends on the needs and circumstances of the organisation. There is therefore no one 'correct' governance structure.

Study the types of governance structure outlined on page 8 and answer the reflection questions.

REFLECTION

- What is our organisation's governance structure?
- What are the strengths and weaknesses of this structure compared with other types of governance structure?
- What words would we use to describe our board?
- What issues does our board struggle with?
- How does our national or local culture and experience influence our view of governance?

Governance structures of development organisations

TYPE OF ORGANISATION	STRUCTURE	DESCRIPTION	STRENGTHS	WEAKNESSES
<p>International organisation with representation at country level</p>		<ul style="list-style-type: none"> The international organisation has its own board which identifies or approves the organisation's mission, values and some policies. It works in many different countries. Each country office has its own board which governs what happens at country level. Some international organisations set up country offices for operational reasons. These country offices do not have boards and therefore have little decision-making authority. 	<ul style="list-style-type: none"> Country level offices share the same values, mission and policies as the international organisation but otherwise have freedom to govern. Opportunities for networking. Sharing of resources. More control at head office protects the organisation's name and reputation. 	<ul style="list-style-type: none"> When situations change at country level, it can be difficult to have to stick to the mission set at international level. Differing standards and culture. Distance makes it difficult for the board at international level to make decisions based on realities on the ground.
<p>National/local organisation</p> <p>NOTE: 'Members' refers to members of the organisation. They are the owners of the organisation who give authority to the board. They are different from board members and staff members.</p>		<ul style="list-style-type: none"> An organisation is set up to respond to local needs. As the organisation grows, the governance of the organisation grows and a board is established. Over time, the board becomes more professional. The board may be established by, and accountable to, members of the organisation. 	<ul style="list-style-type: none"> The organisation is autonomous and can establish its own vision, mission and values. There is less hierarchy than in other governance structures. 	<ul style="list-style-type: none"> The founder of the organisation can find it hard to 'let go' and allow the board to make decisions about the organisation's work. It can take time for an effective board to develop, as unlike other governance structures, this board at local level needs to establish mission, values and vision.

The role of the board

Although the board has specific roles, which are outlined in the rest of this section, we should always remember that its key role is to serve the organisation.

BIBLE STUDY

Servant leadership

It is tempting for leaders to abuse their responsibility. The worldly view of leadership is that leaders should be served by the people they lead. However, a God-centred view of leadership turns this idea upside-down.

- Read Matthew 20:25-28. Jesus knows he is about to die. He has spent the last few years teaching his disciples in order to equip them to make followers of Jesus after he has died and gone to heaven.
 - How should the disciples be different from other leaders?
 - What should be their motivation (verse 28)?
 - Think of some real local examples of each type of leadership.
 - How can we become better servant leaders?
 - How can we encourage each other to be servant leaders?
- Read John 13:1-17.
 - What is remarkable about Jesus' leadership style?
- How would we feel if we were one of the disciples? The disciples would probably have felt quite overwhelmed because washing other people's feet is not a pleasant job, and Jesus was their Teacher and Lord (verse 13).
- What does Jesus command?
- Is serving others always a pleasant job? Notice that Jesus washed all his disciples' feet, including those of Judas, who was about to betray him.
- In what ways can we lead by example?

- Read Galatians 1:10.
 - It is tempting to do things that will encourage other people to like us. We may do this without thinking of the consequences for other people. Our motivation is selfish. Think of times when we have been like this.
 - What is the danger of trying to win the approval of other people (see end of verse 10)?
 - How often do we do things in order to please God? What will help us to do this more?

If an organisation is to function well, it is important that all stakeholders understand their roles. Stakeholders include the board, committees, members, donors, staff members and the CEO. If roles are not clearly stated, the following problems could arise:

- There may be conflict between people who want to take responsibility for the same thing.
- Some important aspects of the organisation's work may be ignored.

- Effectiveness could be lost, because people take on too much responsibility and become overburdened and unable to carry out any of their tasks well.
- Efficiency could be lost because some people are better equipped to take on certain roles than others.

CASE STUDY
Misunderstanding
of roles

Help and Hope's development work suffered because there was confusion within the organisation about people's roles. The CEO did not understand the role of the board. He viewed the board only as a legal requirement, so he ignored the board's suggestions and made all the decisions about the organisation's work himself. The board members therefore felt that they had no influence, and three of them resigned in the same month. The chairperson had many meetings with the CEO in order to resolve the situation. This used up time that should otherwise have been spent writing Help and Hope's strategy. The chairperson found the situation very stressful and became ill.

The board employs staff for the organisation because board members have limited availability to carry out the work of the organisation themselves. A key issue that affects the well-being of organisations is the confusion surrounding the role of the board and the role of the CEO and staff. The key difference is that the board is responsible for the **governance** of the organisation and the CEO and staff are responsible for the **management**.

The board thinks about the wider issues while the CEO and staff are concerned with designing and implementing projects that help to fulfil the organisation's mission.

The difference between governance and management can be explained if the organisation is viewed as a car:



BOARD – governance responsibility	CEO / STAFF – management responsibility
Identify the car’s destination – board ensures that vision and mission are identified.	Identify the route the car will take to get to the destination – CEO and staff use their development knowledge, experience and skills to fulfil the mission.
Identify the type of car that will enable the destination to be reached – board agrees on values and organisational structure.	Look after the car and maintain it to ensure that it can reach its destination – CEO and staff manage the systems and processes that help the mission to be achieved.
Identify the driver – board recruits the CEO.	Driver steers the car and identifies the passengers – CEO recruits appropriate staff.
Provide the fuel – board ensures there are adequate funds to fulfil the mission and perhaps identifies potential donors.	Get fuel during the journey and ensure that it is used efficiently – staff submit proposals for funding and ensure that the funds are used efficiently and wisely.
Regularly assess progress and travel conditions – board ensures that the organisation’s work is staying on track and remains aware of external influences.	Provide regular reports on the car’s progress – CEO tells the board what is being achieved and identifies problems.
Check that the driver is driving safely – board regularly reviews the CEO’s performance and ensures the CEO has adequate paid leave.	Attend training about how to drive the car safely, and rest regularly – CEO and staff include training and time for rest in their schedules.

While staff are paid for their time, board members work for the organisation on a voluntary basis. As board members are not paid by the organisation, they are more likely to be impartial. They can be more confident to think radically and be vision-focused. If they were paid, they may be tempted to make decisions in their own interests (such as being promoted and earning more money), rather than in the interests of the organisation.

Depending on local legislation, board members may be held personally liable for the organisation. Therefore, if the organisation fails and owes money, board members themselves will have to repay the debt. This benefits the organisation because the ‘duty of care’ increases. For example, it motivates board members to consider issues more thoroughly before making decisions because they have a lot to lose if bad decisions are made.

The diagram on page 12 shows some key differences between the board and manager of an organisation.

Board members should avoid attempting to manage the organisation. The CEO and staff should ensure that their work contributes to the fulfilment of the organisation’s mission. However, the two bodies should work well together. Two important issues enable this to happen:

COMMUNICATION Good communication is essential. The board and the CEO should keep each other up-to-date on what is happening. Methods of communication include reports, verbal communication between the chairperson and the CEO, CEO attendance at board meetings and board member visits to staff.

Key differences between board and manager

BOARD	CEO
Group / continuous	Individual / temporary
Develops policy and plans	Implements plans
Focus on long-term	Focus on short-term
No staff	Access to all staff
Ultimate responsibility	Limited responsibility
Volunteers	Paid
Overview of organisation	Intimate knowledge of organisation

TRUST When someone is given responsibility for something, there needs to be a degree of trust that they will carry out their responsibility well. If there is little trust, it becomes easy to interfere, and the advantage of handing over responsibility is lost. It is therefore important that the board directly recruits the Chief Executive Officer (CEO) to manage the organisation and recruit other staff. Being directly recruited by the board means that the CEO has confidence that he or she is trusted to carry out the work in the way they think best. However, a high degree of trust is not an alternative to setting up accountability systems (see section 2).

Governance is like being a parent

Good parents who give as much freedom to their children as they can handle, but always within clear limits, and always with expectations, will see them thrive. Parents who ‘manage’ their children’s activities will have children who under-perform without ever learning and growing from their mistakes ...

... It’s normal for newer, smaller organisations to have managing boards, particularly before they are large enough to hire a chief executive officer. However, every managing board should seek to move towards governance as the organisation grows and becomes more complex. Sadly, the managing board remains the most common type of board today. Even boards that have adopted a governance model ... often drift back into managing. Becoming an effective governing board requires a [new way of thinking]. The best way I know to describe that ... is *‘Think parenting, not managing.’*

Adapted from Stahlke (2003) *Governance matters* p140

When an organisation is started, it may be necessary for board members to be involved in managing the organisation. However, as the organisation develops and the board becomes better established, the board should start to stand back from the operations of the organisation and focus only on governance. The box below shows how governance can develop.

Growing governance

As organisations develop, the form of governance develops:

- To start with, the founder may invite some friends to provide support and encouragement. The founder has space to establish and develop the ministry and acts as a board member and CEO. The organisation may rely on volunteers as it does not have funds with which to pay staff. Board members may therefore be directly involved in operations. Their role is to provide advice and management expertise rather than to govern.
- As the organisation grows, the board becomes more formal. Board members are less involved in its operations, although they may continue to raise funds and provide technical support where appropriate. This stage may be a difficult time for the founder, who has to let go if the organisation is to grow. The founder should either become a board member and let go of the operations, or become the CEO of the organisation and let go of governance responsibilities. Often the founder does not make the choice and continues in both roles. This is a major factor contributing to weak governance. It may be necessary to find new board members to replace or complement the people who have been board members since the beginning. The original members probably started on the board because they had confidence in the founder. If the founder becomes a board member, the original board members, who are inspired by the founder, are likely to be biased in discussions. If the founder becomes the CEO, original board members might find it difficult to govern the founder. Often the founder is a visionary, and may choose to leave the organisation once he or she is satisfied that both governance and management are in safe hands.
- As the organisation matures, the board becomes more professional. The roles of the board and the CEO are clearly defined and practised. The policies set by the board have been tried and tested. Lines of responsibility and delegated authority are understood by all concerned. Board members are no longer involved in any operational activities because there is good staff capacity and enough funds if consultants are needed.
- After the organisation has become more professional, the only time that the board should take on a management role is if the organisation goes through a time of crisis. For example, if the CEO fails to carry out their role effectively, the board may need to step in to manage the organisation while a new CEO is recruited.

Terminology

Board members are sometimes called 'directors'. However, this can be confusing if senior members of staff are also referred to as directors. It blurs the difference between the board, which is responsible for governance, and staff, who are responsible for management. It may therefore be helpful to use other terms instead.

REFLECTION

- Is there confusion in our organisation between governance and management?
- Why does this confusion exist?
- What could be done to improve the situation?
- How well-developed is our organisation? Are the current systems of governance and management appropriate? How should these change as our organisation develops?

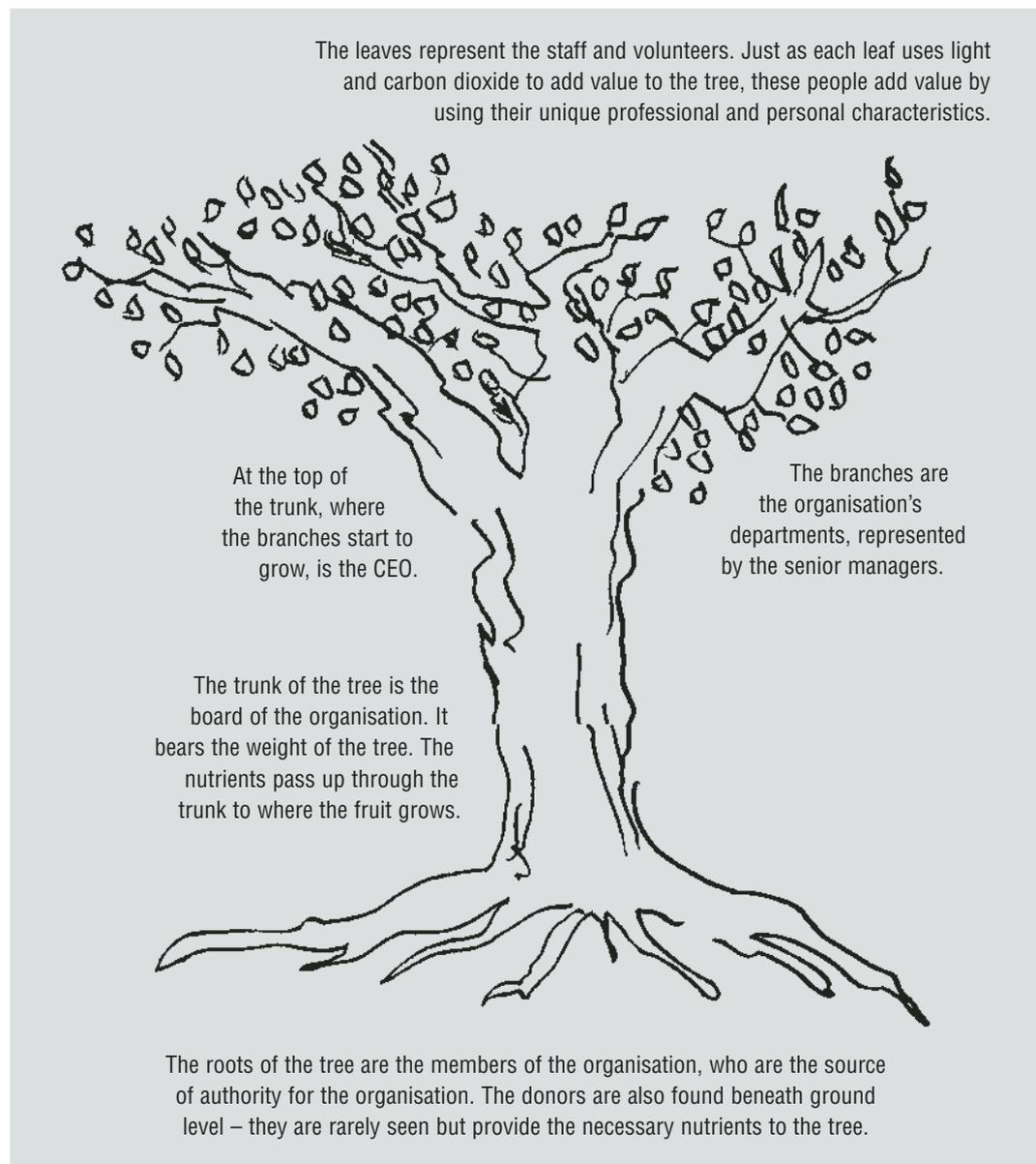
Working with the rest of the organisation

A well-functioning organisation needs to have a hierarchy. The hierarchy shows the lines of responsibility and accountability between people so that the organisation can work well as a whole. However, people often take the idea of hierarchy too far. They forget the vital roles that each person plays, and start to believe that the people near the 'top' of the hierarchy are more important while those near the 'bottom' are not valuable. Leaders may start to abuse their responsibility.

It can therefore be helpful for people to think of their organisation as a tree.

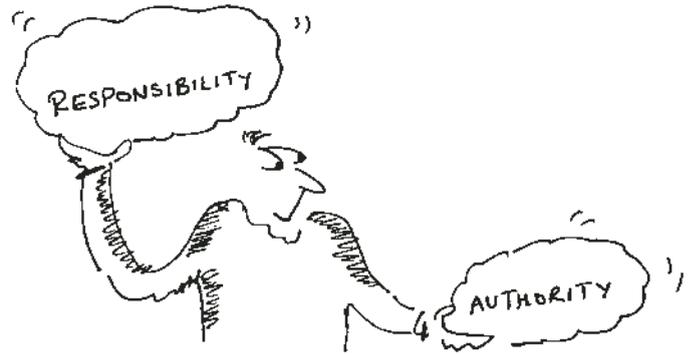
If the tree is healthy, it will bear good fruit

Source: Adapted from Stahlke (2003)
Governance matters p67



2.1 Delegating authority and responsibility

The board has ultimate responsibility for, and authority within, the organisation. However, it needs to delegate some of its responsibility and authority to enable the CEO to manage the operations of the organisation and make its work efficient and effective.



Some boards have only an advisory role. Others may be more involved in identifying the direction and vision of the organisation. Both these types of boards still have ultimate authority and responsibility, but their function is dependent on what they choose to delegate.

Delegation is about asking someone else to do something on your behalf. Some people might be tempted to delegate the things that they do not want to be involved with. However, delegating does not mean getting rid of responsibility for something completely. The person who delegated the task is still responsible for seeing the task carried out. Once someone has been asked to do something, they are accountable for carrying out that task. They must answer to the person who delegated the task to them. For example, if the board delegates responsibilities to the CEO, who then delegates some responsibilities to other members of staff, the CEO is still accountable to the board for those responsibilities. Delegation is about sharing the burden but not about giving up ownership.

REFLECTION

- How good is the board at delegating responsibility and authority to the CEO in our organisation?
- How good is the CEO at delegating responsibility and authority to staff?

Authority, responsibility and accountability

The terms *authority*, *responsibility* and *accountability* are often misunderstood. This can lead to confusion, problems and ineffectiveness.

Responsibility is about what is expected of someone. For example, a job description gives an outline of responsibilities that a person should carry out.

Authority is the power to act without having to gain further permission from those delegating the authority. For example, if the board gives authority to the CEO to recruit staff, the CEO does not need to gain the board's approval every time a member of staff is recruited. If the organisation is large, the CEO could delegate authority for recruiting

staff to a personnel officer. This means that the CEO does not need to give approval for every member of staff the personnel officer wants to recruit.

It is possible to have responsibility without authority, but someone with authority always has responsibility. Someone with authority has a responsibility to use their power for the good of the organisation's work and not their own wishes.

Both responsibility and authority are linked to accountability. **Accountability** is answering for the result of one's actions or lack of action. It is therefore present wherever there is a relationship between two people.

- Those in authority are accountable to those who gave them authority. Using the example about staff recruitment above, the personnel officer is accountable to the CEO and the CEO is accountable to the board.
- Those with responsibility are accountable to those who gave it to them. For example, a staff member is accountable to their line manager for fulfilling the objectives in their job description. If they do not fulfil the objectives, they could be dismissed.

It is common to view accountability as a negative thing where people only look for opportunities to hold people accountable when they do things wrong. However, accountability can also be a positive thing that we can use to build each other up. We should be as eager to praise people for their good work as we are to challenge people when they neglect their responsibilities or abuse their power.

What makes Christian organisations different from other organisations is that they have a God-centred approach to authority, responsibility and accountability. This does not mean that we should reject the common sense approaches mentioned in this section. However, a God-centred approach can make our relationships richer and the functioning of our organisations smoother. For example:

- A key Christian responsibility is the responsibility to love and serve others. With this responsibility comes accountability to God, who commanded us to love and serve others (1 Peter 4: 1-11). This reminds people who may be tempted to abuse their authority, that they are ultimately accountable to God and should exercise their authority with a servant heart. This is the same for everyone, however great their authority.
- God wants Christians to help others to be accountable to him (2 Timothy 3:16-17). Christian board members and staff have a responsibility to build each other up and to encourage each other to live lives that honour God.
- Christian leaders have authority from God and will have to give account to God for the state of his people (Hebrews 13:17). Remembering this may help Christian leaders to consider the importance of their leadership role and seek direction from God more often.

Board authority

Authority is usually given to the board by the organisation's membership. In some countries, registered organisations are required to have members, who have ultimate authority. Usually their use of power and their responsibility are limited. For example, their power may be limited to electing board members and the rest of their power is passed on to the board.

Where organisations do not have members, authority may be given to boards by donors. People choose to give money to an organisation because they believe in its mission. By giving the organisation money they are showing that they are confident in the way it is run. They trust the organisation to spend their money wisely. If the board fails, the donors can decide to withdraw their funding.

BIBLE STUDY

Using our authority wisely

■ Read Matthew 28:18-20.

- *How does recognising that Jesus has all authority help people in leadership to use their authority wisely?*

Notice **how** Jesus uses his authority. He gives us a very big job to do, but he does not go into a lot of detail about how it should be done. He simply tells us the goal and gives us freedom to achieve it. However, we are not left to do the work alone, because he promises to be with us forever.

- *How could this relationship be reflected within organisations? How could the board use its authority better?*

REFLECTION

■ **Who gives authority to the board of our organisation?**

Board responsibility

The responsibility of the board is to ensure that the organisation fulfils its purpose.

Board accountability

The board is accountable to a number of groups. It is accountable to those who give it authority and those who are affected by the organisation's work. Therefore members of staff, donors and the people the organisation seeks to help are people to whom the board should be accountable. The board is also accountable to the government of the country, since there may be legal requirements that the organisation should fulfil. If the organisation is part of a network, the other organisations in that network can keep it accountable. If the organisation fails or its reputation becomes damaged, it could be forced to leave the network.

Since the board consists of a group of people, there is a degree of self-accountability. Each member of the group keeps the other members accountable.

Delegation

The board does not have the capacity to run the organisation alone. It must therefore delegate some authority and responsibility to other people – the organisation’s staff, represented by the CEO.

1 DECIDE WHAT TO DELEGATE

First, it is necessary for the board to decide what authority and responsibility it would like to delegate. The board should delegate responsibility for management so that it can focus on governance. Issues to consider include planning, financial management, fundraising, management of staff, management of programmes and projects, and public relations.

Ask the question: *What roles could be performed better by staff?*

CASE STUDY
Deciding what to delegate

As Help and Hope is a small organisation, the board decides not to delegate any responsibility for strategic planning. However, it is felt that delegation of some financial authority and responsibility is necessary to improve efficiency. The board decides that the CEO should be delegated authority for managing staff. It is decided that employing a full time fundraiser cannot be justified until the organisation becomes better established. The board therefore decides to delegate only certain fundraising responsibilities to the CEO, while carrying out most fundraising activities itself.

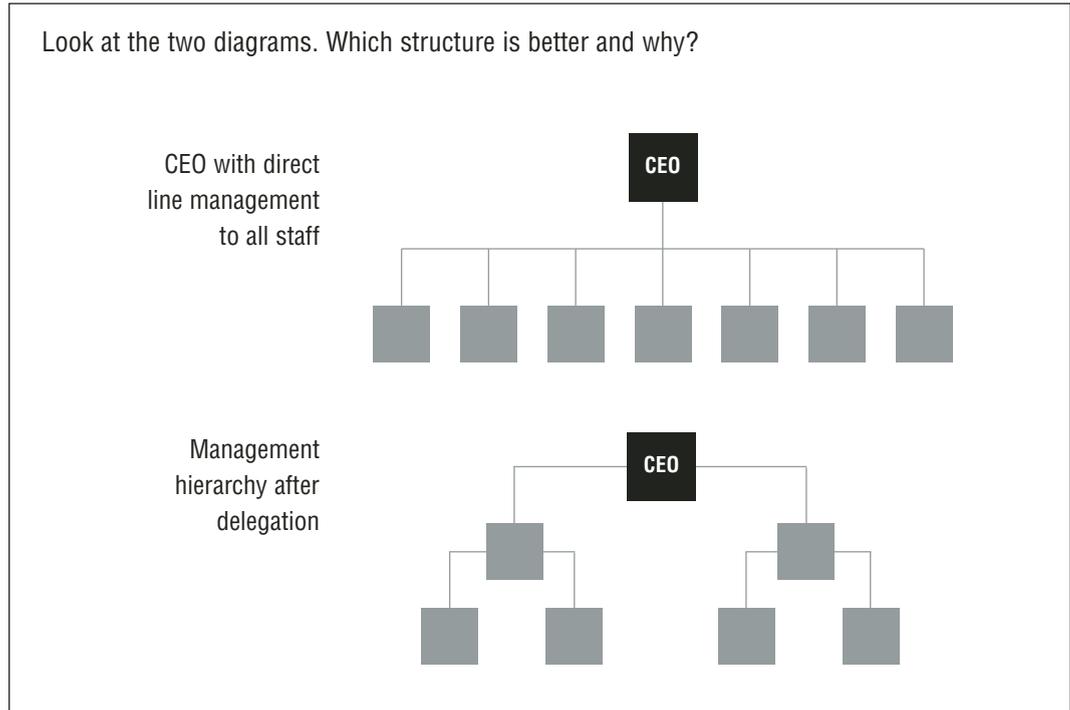
2 DECIDE WHOM TO DELEGATE TO

Next, it is necessary for the board to decide to whom it would like to delegate. Authority and responsibility for the same task or role should never be delegated to more than one person. This is because it is difficult to hold them accountable. If things go wrong, people may blame each other and refuse to be kept accountable. Therefore, all the responsibilities and authority the board wants to delegate should be delegated to the CEO. This single line of communication between the board and staff also stops governance and management becoming blurred.

Once authority and responsibility have been delegated to the CEO, the CEO can then delegate relevant responsibilities and authority to other members of staff. This relieves the burden on the CEO and encourages the best use of skills. The next two pages focus on delegation by the CEO to other members of staff.

EXERCISE

Look at the two diagrams. Which structure is better and why?



All staff should be given responsibilities. However, not everyone will be given authority. The fewer people who have authority, the easier it is to keep track. However, some people may not be able to carry out their responsibilities without a degree of authority. The progress of their work can be slowed down if they need to ask someone else for permission to do something. It is important to consider whether the organisation has too much bureaucracy. However, this has to be balanced with keeping lines of accountability simple.

CASE STUDY
Reducing bureaucracy

The project co-ordinator is frustrated because she cannot make payments for project inputs without getting signatures from the CEO and board chairperson. The chairperson works for a company on the other side of town and only visits the Help and Hope offices every month. This holds up payments. On hearing about this frustration, the board decides that there is no need for it to be directly involved in such payments. Therefore, authorisation for payments for project-related inputs is delegated to the CEO and financial manager.

Sometimes people may find it difficult to delegate, even though it may be the best thing to do. There are many reasons for this, including:

- ‘I want to do the job myself because I enjoy doing the task.’
- ‘I enjoy having the power.’
- ‘I want the glory when the task is completed.’
- ‘I do not trust anyone else to do the job well.’

It is important for those with responsibility or authority to remember that they are not always the best person for the job. There may be members of staff who have the skills and experience to carry out the role better than them. Or it may not be practical for them to carry out the job. For example, if the CEO is rarely in the office, it will affect the organisation's progress if the CEO needs to approve all payments.

There are three issues to consider when deciding whom to delegate to:

- Do they have the skills and experience to carry out the role?
- Are they available to carry out the role?
 - Is there anything preventing them from carrying out the role well?
 - Are they already overworked, or do they already hold too much authority or responsibility?
- Are they trustworthy?
 - Will they be committed to the role?
 - Do I trust them to carry out the role well?
 - Will they produce reports on time?

Someone who delegates authority or responsibility can take it back at any time, if the person they have delegated to proves to be unable to carry out their role. Since the person who delegates is also accountable for what is carried out, they can override decisions made by the person they have delegated such responsibility to. However, there is no point in delegating authority or responsibility if the person delegating still has to be involved in every issue. Therefore taking back authority should only be done as a last resort if a decision is made which may put the success or reputation of the organisation at risk.

CASE STUDY
Delegation issues

The board of Help and Hope delegated responsibility for managing the organisation's projects to the CEO. Board members are keen to visit the projects from time to time in order to keep track of the organisation's work. However, some board members start to try to influence individual projects by meeting with the project co-ordinator. The CEO finds out and feels bitter because he does not feel trusted by the board to oversee Help and Hope's projects.

A few months later, the board discovers that there is financial mis-management within Help and Hope. It immediately takes back financial management responsibilities from the CEO while investigations are made. The member of staff involved is dismissed. The board decides that the CEO should be trained in financial management before delegating such responsibility to him again.

REFLECTION

- Does the CEO in our organisation feel overburdened because they are given too much authority and responsibility?
- Does the CEO feel unable to carry out their tasks because they are not given enough authority and responsibility?
- What about other staff? Do they feel overburdened or restricted by their delegated responsibility and authority?

3 ESTABLISH ACCOUNTABILITY SYSTEMS

As the board is ultimately accountable for the work of the organisation, it should consider how to keep accountable those to whom it delegates responsibility and authority. This could involve:

- Identifying targets to show what the board considers to be the extent of the responsibility delegated. For example, if it delegates responsibility for fundraising to the CEO, it should set a target to show how much money needs to be raised over the coming year.
- Identifying indicators that show progress towards achieving the responsibilities that have been delegated. For example, the CEO could be asked to produce a written report every three months to show how much money has been raised and where the money is coming from.
- Checking that authority is not being abused. For example, if the board delegates authority for making payments to the CEO and financial director, it could commission an independent financial audit every year to check that staff are using the organisation's money wisely. This means checking that the financial systems are working – that the CEO and financial director are the only people making payments. It also means checking that they are not using the organisation's funds for personal use.
- Putting limitations on the authority or responsibility that is delegated. For example, certain authority could be delegated to the CEO on the condition that they do not delegate that authority to anyone else. Or the board could demand that while it delegates authority to the CEO for approving payments, payments must always be approved by more than one person.

In Christian organisations, some people think that accountability systems are not needed. They think it is far better to simply rely on trust. However, no-one is completely trustworthy all of the time. If organisations only rely on trust, there can be a breakdown in relationships and their work may be ineffective. Accountability systems do not replace trust. They actually help to build it. When accountability systems are in place, people begin to work well together and with time their relationships can grow.

REFLECTION

- How good are the accountability systems in our organisation?
- In what situations do we tend to think that trust is enough?
- For which relationships do accountability systems need to be developed?
- What kinds of accountability systems would be needed?

4 ENSURE THAT DELEGATED AUTHORITY, RESPONSIBILITY AND ACCOUNTABILITY SYSTEMS ARE CLEARLY COMMUNICATED AND UNDERSTOOD

One of the biggest causes of confusion in organisations is lack of knowledge of who holds authority or responsibility for what. This results in gaps, duplication and mishandling of resources. It is important that the person who has authority or responsibility is aware of it and knows the extent of it. It is also important that people are aware of what responsibility others hold and whom to approach for permission to do certain things. Authority and responsibility should be written down clearly and everyone in the organisation should have access to the document. In addition, authority and responsibility should be written in individual job descriptions.

Try to keep the relationship descriptions simple and only include items that are essential. If there is too much detail, the person with delegated responsibility will have limited freedom, which may not be in the best interests of the organisation.

For example, the relationship between the board and CEO could be written as follows:

Relationship description – board and CEO

AUTHORITY

- The CEO has authority to manage the operations of the organisation
- Etc.

LIMITATION OF AUTHORITY

- The CEO may not take on any governance responsibility
- Etc.

RESPONSIBILITIES

- The CEO should create a leadership team of senior staff to provide support and to help make decisions
- Etc.

ACCOUNTABILITY

- The CEO is accountable to the board for performing responsibilities. The board is accountable to the CEO for providing the necessary resources to carry out the responsibilities.
- Etc.

Other relationship descriptions could be written for:

- board / individual board members
- board / specific board roles
- board / committees
- board / members of the organisation. This relationship description is sometimes called the ‘bylaws’.

Bylaws

'Bylaws' usually form part of a registered organisation's set of legal documents. The 'Constitution' defines the purpose of the organisation and the range of activities it is designed to carry out. As part of the Constitution, or as an accompanying document, the organisation states its bylaws. These terms may vary between countries. For example, the term 'Memorandum of Association' may be used instead of 'Constitution'. The term 'Articles' may be used instead of 'bylaws'. The term 'Trust Deed' may be used to refer to both documents.

Bylaws refer to the specific relationship between the members of the organisation and the board. They describe the rules that the board must obey. For example, among other things, they may state that the board should meet four times a year and that the board should have a chairperson. However, the board is given freedom to decide when the meetings will be and what qualities the chairperson should have.

Key issues that the bylaws could cover include board size, attendance at board meetings, quorum for decision-making and information the board should provide at the annual members' meeting. The bylaws should also state what would happen to the organisation's assets if it were to collapse. Bylaws should be reviewed by a legal expert before they are implemented.

Accountability should be two-way. Someone who delegates should provide support to people to whom they delegate and ensure the conditions enable them to carry out the role. The board should consider its accountability to the staff of the organisation. It is accountable because they are in a relationship. Accountability can be viewed as a gift that enables others to reach their God-given potential (Stahlke 2003). The board could write a document outlining what staff can expect of it. There may be national laws that protect employees.

It can be helpful to draw an organisational chart that shows the lines of authority, responsibility and accountability. An organisation-wide chart might show the linkages between the members, board, CEO and senior staff. For relationships between staff, it may be appropriate to draw separate charts for different departments if the organisation is large.

REFLECTION

- What relationship descriptions are needed in our organisation?
- Is there two-way accountability between people in our organisation?
- Do we have an organisational chart showing lines of authority and responsibility? If not, how might we draw this?

5 ENSURE GOOD COMMUNICATION

CASE STUDY Good communication

The CEO of Help and Hope felt that the board had very high expectations of him. He did not feel confident that he could meet those expectations. Neither did he feel supported by the board. In desperation, he raised the issue with the chairperson. She had not realised that the CEO felt this way. She now meets with the CEO every two weeks. The chairperson finds that she also benefits from these meetings, because she is able to find out about what is really happening within the organisation. They take the time to listen to each other's concerns and support each other as best they can.

Once authority or responsibility has been delegated, it is important to stand back and avoid interfering in what people are doing. However, there should be good communication:

- The person who has delegated should meet regularly with the person to whom they have delegated. In the case of the relationship between the board and the CEO, this involves inviting the CEO to board meetings. In addition, the board chairperson could meet with the CEO every week or month. This is an opportunity to clarify issues, ask for or provide support and informally evaluate each other's work.
- Accountability systems require communication, whether this means written reports, surveys or other ways of assessing progress. The person who received delegated responsibility should be given an opportunity to give feedback on how they think the relationship is working.

REFLECTION

- In what ways could we encourage better communication within our organisation?

2.2 Developing policies

Policies can be used by the board to ensure that the organisation is governed well, while at the same time avoiding getting too involved in management. Policies state what the board thinks about an issue and they outline the boundaries within which the CEO has the freedom to act. Policies show the CEO which issues the board wants to be consulted about and which it does not.

Policies outline the issues that are important to the board. The board should decide which issues it needs to have a policy on and which it does not. *Operational* policies should usually be left to the CEO to write. If the board wants to oversee or write such policies, a separate committee could be given this responsibility (see page 65).

One way to identify policy issues is to assess risk. The board could do this by considering the key events that could threaten the organisation.



1 IDENTIFY THE RISKS BY:

- carrying out a SWOT analysis (see page 36). The threats could be understood as key risks to the organisation. A PESTLE analysis (see page 35) may also reveal some important risks.
- considering the relationship descriptions which outline delegated authority and responsibility.

Issues to consider include:

- personnel management and employment conditions
- use of assets
- health and safety, including HIV and AIDS
- child protection
- financial management
- fundraising.

2 USE AN IMPACT/PROBABILITY MATRIX TO EVALUATE THE RISKS

- List all the risks and number them. Consider how likely it is that each one will happen (probability) and what the impact of each risk happening might be. Think of the impact on the organisation's work, its relationships and its reputation. Place the numbers in the relevant box in the matrix.

For example, there may be a high impact, medium probability risk that a member of staff could steal money from the organisation.

		IMPACT		
		LOW	MEDIUM	HIGH
PROBABILITY	LOW			
	MEDIUM			1
	HIGH		2	

1 Member of staff steals money from organisation

2 Number of staff members affected by HIV increases

3 WRITING POLICIES

The risks near to the bottom right hand corner of the matrix may require a policy to be written. Think about measures that will reduce or eliminate those risks.

Using the example above, the board may decide that two policies are needed to address the first risk. One policy would address financial management in order to make it less easy for staff to steal the organisation's money. The other policy would be a staff policy which, among other things, states disciplinary procedures.

Policies should always reflect the organisation's key values. In addition to setting boundaries and stating procedure, they should aim to protect the organisation's assets, including staff. Policies should state what people can expect of the board. For example, a policy outlining staff disciplinary procedures should not just state the specific offences that will result in immediate dismissal. It should outline what will happen if an accusation is made against a member of staff. This may involve an investigation to find out whether the accusation is true and, if so, why the member of staff acted in the way they did. In order to reflect the biblical value of forgiveness, the board may feel it appropriate to add a line in the policy stating that it will deal with each case as it feels appropriate. This provides the board with an opportunity not to dismiss a member of staff for a dismissable offence if the person repents and another appropriate role can be found for them.

Once policies are implemented, they should be reviewed periodically. They should be changed if problems arise or gaps are found. The implementation of policies should be reviewed during internal or external audits.

REFLECTION

- What policies exist in our organisation?
- Which of these are management policies and which are the responsibility of the board?
- Should the board carry out a risk assessment?
- What policies are lacking?

Key responsibilities of the board

The board is responsible for the overall work of the organisation. It should therefore consider the following issues:

- Recruiting and supporting the CEO to manage the work
- Why the organisation exists – identify its mission, purpose, vision and values
- What work the organisation will carry out – strategic planning
- Legal requirements
- Resources, such as funding and people
- Assessing progress.

These are key areas of concern for the board, as they affect the health of the organisation. While they are board responsibilities, the board may not be directly involved in fulfilling them. For example, it may be appropriate to delegate the work of identifying the mission, purpose, vision and values, or the strategic planning, to the CEO. Another example is assessing progress. The board should be active in considering how it will assess progress, identifying what information it needs, and discussing the findings. However, the bulk of the work (the information collection) is likely to be carried out by those who are closest to the operations – the staff. The one area of responsibility that should be carried out solely by the board is the recruitment of the CEO.

Remember that even if the board delegates these responsibilities, it is still accountable for them. For example, if the CEO and senior staff define the mission, purpose, vision and values, the board should approve them.

In the rest of this section we look at these responsibilities and what they involve.

3.1 Recruit and support the Chief Executive Officer

To avoid having to govern **and** manage the work of the organisation, the board should recruit someone to manage the operations. This person is often referred to as the Chief Executive Officer (CEO) but could also be given a title such as Executive Director, General Director or General Manager. The board delegates responsibility for carrying out the organisation's operations to the CEO. The CEO's responsibilities may include designing projects, recruiting staff and allocating budgets within the boundaries set by the board.

There must be a good relationship between the CEO and the board if the organisation is to fulfil its mission. The terms of this relationship must be clearly stated. If there are any

unclear roles and responsibilities, efforts can be duplicated, important issues can be missed and confusion or even conflict can occur. A good working relationship is not only based on written roles and responsibilities. It is based on the principles of respect and communication. These are important issues to consider when recruiting a CEO. In addition to considering a potential CEO's skills and experience, the board should consider whether the CEO is someone with whom they would have a good relationship. The board must also be confident that the CEO has leadership qualities.

Issues to consider when recruiting a CEO include:

- job description
- list of qualities, both essential and desired, including skills, experience and personal character
- salary and work benefits
- responsibilities and delegated authority.

Some boards may decide to create a special committee to oversee the recruitment process of a CEO. If a board member is interested in applying for the CEO job, he or she should first resign from the board. This will reduce board bias and embarrassment during the recruitment process. If the application is unsuccessful it may not be appropriate for the person to return to the board.

Although the board should avoid interfering in the work of the CEO, it should provide the CEO with support. This is part of accountability. It is unfair to delegate authority and responsibility to someone without giving them encouragement and support. Support is usually given to the CEO by the chairperson of the board. They should aim to meet regularly. Support might involve:

- giving them feedback on their performance – making sure this focuses on successes as well as difficulties
- taking an interest in their spiritual well-being and providing support where necessary
- putting them in contact with peers in other organisations and others in leadership so that they can share ideas
- providing them with opportunities for training in key skills that they lack (see section 5.7)
- providing a listening ear or advice on issues that the CEO faces, such as staff problems.

CASE STUDY
Efficient communication

Although the CEO and the chairperson of the board meet together every two weeks, there is not much structure to their meetings. Sometimes they spend too long chatting and do not have time to discuss important issues. They decide to write a list of items to discuss at each meeting. This includes:

- performance
- urgent issues
- spiritual issues
- prayer

They decide that every six months they will discuss the CEO's job description, delegation of responsibility and authority, and training needs.

REFLECTION

- How good is the relationship between the board and the CEO in our organisation? In what ways could this be improved?
- What is our CEO's job description?
- What qualities are needed for a CEO in our organisation?
- How should the CEO's performance be reviewed?
- What support is given to the CEO? Is this enough?

3.2 Ensure that the vision, purpose, mission, and values are identified

These are key issues at the root of the organisation's existence, which must be defined clearly in order for the organisation to function effectively. If there is no vision, the organisation has nothing to work towards and staff can lose hope. If the mission is not well defined, the organisation can spread its work too thinly and lose its focus. If the purpose is not clear, staff can lose their sense of direction. If the organisation does not have values, the quality of its work suffers.

Unfortunately the terms *vision*, *mission*, *purpose* and *values* are often confused. Different people define each term differently and relate them to each other in different ways. Here, we outline one definition of each of these terms, which will be referred to in other parts of this book. We point out where we are aware of particular confusion or alternatives to these terms.

The vision

Vision is about how we would like the world to change for the better. It is a dream. It is not something that we can change alone, but something to which we can contribute. Think big – the vision could relate to national or even global level. It could be very general or it could be about improvement in a specific area of life.

BIBLE STUDY

Our vision as Christians

- Read Matthew 28:18-20.
 - Who holds all authority?
 - What does Jesus command?
 - Our goal as Christians should therefore be to make disciples of Jesus. Is this reflected in our organisation's vision? If not, should we change the vision in order to respond to Jesus' command?
 - What part do we play in fulfilling Jesus' command, both individually and as an organisation? How could we do this better?

Ask the question: *What does the organisation want the world to look like in the future?*

For example:

- A world without hunger.
- Respect for all people with disabilities in our country.

The purpose

The purpose of the organisation is what it exists to do, in order to contribute to the vision. It is the core area of the organisation's work. It is something that the organisation has control over and can achieve. It usually responds to a need and relates to the strengths of the organisation. An organisation should only have one purpose. It should not do anything outside of the purpose. If the organisation has more than one purpose, it has probably confused them with strategic objectives. To identify the purpose it should consider the theme that unites those objectives.

Ask the question: *What does the organisation exist to do?*

EXAMPLE 1 An organisation's vision is 'A world without hunger'. There are many issues that make people hungry. However, the key local issue is that people are unable to grow enough food. If they could grow more food, hunger would be reduced. The purpose statement would therefore be:

To help people to increase food production.

EXAMPLE 2 An organisation's vision is 'Respect for all people with disabilities in our country'. There are many ways in which people with disabilities are discriminated against. However, the organisation needs to focus its work. It chooses to concentrate on children's issues and develops this purpose statement:

To ensure access to free education for all children with disabilities.

NOTE The purpose statement must sometimes be stated on legal documents. Some organisations do not have separate mission and purpose statements.

The mission

The mission statement identifies the people the organisation serves, where they are and how they are served. The mission statement therefore unites the vision, purpose and values. It is more active than the purpose statement. It should be clear, brief and easy for people to memorise. It is not a statement of what the organisation does, but the difference it makes. Often this will involve identifying the organisation's niche – what it is that the organisation can do that no other organisation does, or how it can serve a part of the population that no-one else is working with.

Ask the question: *What does the organisation commit itself to do?*

For example:

- To reduce hunger in our country through training, enabling and supporting farmers.
- To enable children with disabilities to reach their God-given potential.

NOTE The terms vision and mission are sometimes used the other way round so that the mission is the change that the organisation wants to see in the world and the vision is the role that the organisation would like to play.

The mission and purpose statements can be useful for fundraising. Well-written mission and purpose statements will capture the attention of donors and enable them to quickly understand what the organisation seeks to do. An organisation's strapline under its logo will usually be drawn from its mission statement.

Strategic objectives

Strategic objectives enable the purpose and mission of the organisation to be achieved (see section 3.3). The key to writing a good strategic plan is to ensure it refers to, is in line with, and seeks to fulfil, the organisation's mission and purpose.

Values

Values relate to what the organisation stands for. They influence the way the organisation acts and give the organisation its identity. Values often make an organisation different from other organisations working to address the same issue. Values relate to what the organisation is already like or what it already does. They are not about what it wants to be like or do.

Ask the question: *What are the things we consider important in the way we act and relate to others?*

Examples of values include: commitment to God, commitment to the Bible, humility, stewardship, faithfulness and prayer.

It is important to review the mission, purpose and vision every few years. These may change over time as the organisation develops and as situations outside the organisation change. However, the organisation's values should not change, though new ones could be identified. The values are key to the foundation of the organisation. If the values of the organisation change, then, in effect, a whole new organisation emerges because its motivation is different. People usually decide to work for an organisation as a member of staff or board member because they agree (or at least do not disagree) with the organisation's values.

REFLECTION

- What are our organisation's vision, purpose, mission and values?
- Do they need to be reviewed?
- Who should carry this out – the board or the CEO?

3.3 Ensure that strategic planning is carried out

Strategic planning involves identifying the organisation's plan for the coming years. It is an organisation-wide plan and is different from operational or tactical plans, which outline the projects or programmes. Strategic plans outline how the organisation aims to achieve its purpose and mission. Tactical or operational plans can then be produced, which contribute to the fulfilment of the strategic plan. Tactical plans should be made by members of staff, under the direction of the CEO, as they are the implementers of the plans and are better placed in terms of knowledge and skills.

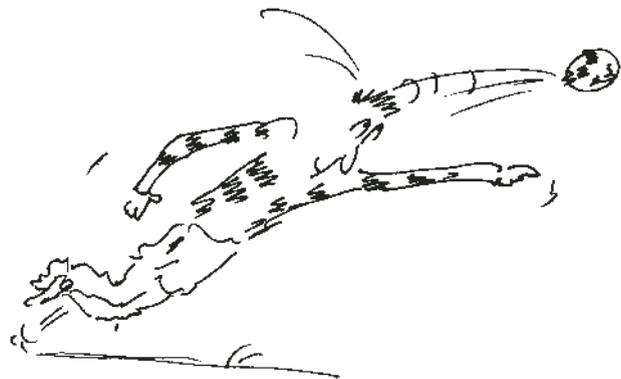
The strategic plan is the ultimate responsibility of the board. In smaller organisations the board may do the strategic planning itself. In larger organisations it may be more appropriate for the CEO and staff to do strategic planning. The main reason for this is that the board may not have the time to do it. However, the board should ensure that it critically reviews and approves the strategic plan to ensure that the organisation's resources are directed towards its mission.

Where the board develops the strategic plan, the plan should set boundaries and give direction. Within those boundaries, members of staff should have freedom to develop tactical plans as they think best.

The length of time a strategic plan should cover depends very much on the organisation. Most strategic plans look 3–10 years into the future. Tactical plans are shorter-term plans, usually lasting between 1 and 3 years.

It can be helpful to consider a football team. A football team's strategy is to win a particular tournament so that it can work towards its mission of becoming the best team in the country. As part of this strategic plan, the team may buy and sell players in order to ensure the best quality team. They may also invest money in an assistant coach to ensure that the team is better skilled and motivated.

The tactical plan involves consideration of a particular match that the team needs to play during the tournament. The team may use a different selection of players according to the team they will be playing against. They may also change the team's formation. These are tactics that will enable them to win the match, which in turn will help them to fulfil the strategic plan to win the tournament.



Terminology

STRATEGIC PLANS AND TACTICAL PLANS

'Strategic plan' refers to planning at organisational level. However, operational plans are sometimes also called strategic plans. To avoid confusion, we prefer to use the term 'tactical plan' for plans at operational level. The tactical plan contributes to the fulfilment of the strategic plan.

Good planning

A good plan (both strategic and tactical) should outline the following:

WHAT – what are the objectives?

WHERE – where is the work to be carried out?

WHO – who are the beneficiaries and who will carry the work out?

HOW – how will the objective be achieved?

HOW MUCH – how much will it cost?

BY WHEN – when will the objective be achieved?

INDICATORS – how will we know when the objectives have been achieved?

Before we start to write a plan, it is important to understand the context that we are working in. This will enable us to assess the risks we face and the limitations on our work. It will also enable us to identify our niche and opportunities. There are two useful tools that can help us to do this – PESTLE analysis and SWOT/BEEM analysis.

PESTLE analysis

PESTLE analysis enables us to look at the environment in which our organisation operates. By logically working through a range of categories we can identify the particular external issues that influence our organisation and ensure that we do not overlook anything. It is good to carry out a PESTLE analysis before a SWOT analysis, as factors that positively or negatively influence our organisation can be transferred to the Opportunities or Threats boxes of the SWOT analysis.

The letters in the word 'PESTLE' relate to six categories that influence our organisation. Within those categories are a number of issues that we should consider.

CATEGORY	ISSUES
P olitical	Political stability, corruption, extent of democracy, level of activism by civil society
E conomic	Economic growth, interest rates, inflation, currency exchange rates, government spending on development
S ocial	Population growth, number of people in poverty, income distribution, labour issues, education, health
T echnological	Research, new discoveries, technology transfer, energy, information technology, communications (e.g. internet and mobile telephone use)
L egal	Laws governing activities undertaken by organisations, employment law, trade law
E nvironmental	Natural hazards, climate change

- Work through the issues associated with each category:
 - Discuss what the issue is in the context we are working in.
 - Identify whether the situation is likely to change in the future.
 - Identify whether the issue, or possible changes in the issue, are likely to affect the organisation, either positively or negatively.

Complete a table like the one on page 37. There is no need to write down the issues that do not affect the organisation.

SWOT/BEEM analysis

A SWOT/BEEM analysis identifies:

- Strengths of our organisation and ... how to **B**uild on them
- Weaknesses of our organisation and ... how to **E**liminate them
- Opportunities that our organisation has and ... how to **E**xploit them
- Threats to our organisation and ... how to **M**inimise them.

This is usually represented as a table. It is often easiest to work through the left-hand column first (SWOT) to identify the issues. Then work through the right-hand column (BEEM) to identify what needs to be done in response to the issues. These are objectives. If a PESTLE analysis has been carried out, the positive external influences can be transferred to the Opportunities box and the negative influences can be transferred to the Threats box.

EXAMPLE
Part of Help and Hope's PESTLE analysis

FACTOR	POLITICAL	ECONOMIC	ECONO
ISSUE	Political stability	Economic growth	Govern
CURRENT LOCAL CONTEXT	Stable.	The local economy is growing due to a new road and new clothing factory providing employment.	
POTENTIAL FUTURE CHANGES	Elections next year. Opposition party likely to take power.	National economic prospects are good due to the government investing in tourism and enabling new businesses.	
POSITIVE IMPACT ON OUR ORGANISATION	CURRENT	Good working relationship with local member of parliament.	
	FUTURE	Tourists may provide a market for handicrafts that are produced by poor people. There will be more local and national potential donors.	
NEGATIVE IMPACT ON OUR ORGANISATION	CURRENT		
	FUTURE	Opposition party does not like development organisations and may make it difficult for us to operate.	Inflation may rise so that we have to pay higher wages to our staff.

For SWOT/BEEM analysis, issues for board members to consider include:

- human resources
- funding
- assets
- structure of the organisation
- networks and relationships
- the organisation's current projects and programmes
- the organisation's reputation.

EXAMPLE
Part of Help and Hope's SWOT/BEEM analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Good quality staff • Organisation is well respected, both within and outside the Christian community 	<p>How to build on them</p> <ul style="list-style-type: none"> • Ensure training is provided when necessary • Find new opportunities to talk about the organisation's work
<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of strategic plan • Lack of office space 	<p>How to eliminate them</p> <ul style="list-style-type: none"> • Develop strategic plan • Investigate possibility of changing offices
<p>Opportunities</p> <ul style="list-style-type: none"> • Good working relationship with local member of parliament • Increased tourism provides potential customers for products 	<p>How to exploit them</p> <ul style="list-style-type: none"> • Maintain good contact • Investigate which current and potential products tourists are likely to buy
<p>Threats</p> <ul style="list-style-type: none"> • Possible change in legislation that could restrict our work 	<p>How to minimise them</p> <ul style="list-style-type: none"> • Network with similar organisations to increase influence over government policy

Once we have carried out these analyses we can start to think about our strategy. The strategy should be based on the BEEM analysis – the things that we could do (objectives) – but always with consideration of the things we cannot change. For example, there are some threats that we cannot minimise. These threats do not form part of our strategy but we should not forget they are there.

CASE STUDY
Using the analyses to develop strategy

The PESTLE analysis revealed that there is a rapid increase in tourists visiting the local area, providing a market for handicrafts. This is viewed as an important opportunity for Help and Hope. It is decided that the opportunity should be investigated before any action is taken. The board needs to be sure that there is supply and demand and that Help and Hope has the potential to work in the area of trading. Part of the strategic plan therefore involves investigating this issue.

At the same time, an important observation during the analyses was that rapid increase in large businesses in the area means that many of the current beneficiaries have found paid work and no longer need Help and Hope's help. It may be decided that Help and Hope should seek to address other needs in the area that will contribute to its mission. It may be decided that Help and Hope's mission has already been accomplished and that it should be changed to contribute to its vision for the area.

Another important issue highlighted by the analyses is that wages might need to be increased substantially in order to retain staff and employ new, high quality staff. The board therefore needs to set high targets for fundraising over the next few years.

We cannot address everything at once. We therefore need to prioritise. One way of doing this is to list our objectives and decide whether they are important and whether they are urgent. The objectives that are both important and urgent are our priorities. The next priorities are those objectives that are simply important. The reason for prioritising this way is that urgent issues are often at the forefront of our minds, yet they are often not important at all when compared with other issues.

Copy the grid below and write the objectives in the relevant boxes. The numbers in the boxes show the objectives that should be prioritised.

IMPORTANT	Important but not urgent 2	Important and urgent 1
	Not important and not urgent	Urgent but not important
		URGENT

The strategic plan should have a wide view. It should only focus on the things that are important to the organisation as a whole – things that are particularly relevant to its mission and purpose. For example, if there is anything that poses a great threat to the fulfilment of the organisation’s mission, it should be addressed. Operational issues should be addressed in the tactical plans.

A strategy should be achievable. It is therefore unwise to have too many objectives. The number and size of the objectives will depend on the size of the organisation, the capacity of the board and staff, and the length of time the strategy covers.

The following list is a guide to the kinds of issues that could be included in a strategic plan:

- **budget priorities** – how funds will be allocated, e.g. operational (projects and programmes), human resources, capital (e.g. buildings, office equipment)
- **organisational structure** – is the current structure working, or would the organisation function better if departments were merged or divided, or if line management responsibilities were changed?
- **staff issues** – is there a need for any new staff policies? Do staff need new support services, such as Information Technology help or dining facilities?
- **financial issues**
- **fundraising** – targets, potential new sources of funds
- **public relations.**

The strategic plan should indicate specific issues that should be addressed in the tactical plan. It is important that this linkage between the plans is made. If the strategic plan stands alone, no work would be done and the mission would not be fulfilled. If the tactical plan is developed without any reference to the strategic plan, lots of work could be done but the mission might not be fulfilled. This part of the strategic plan is sometimes called the ‘critical success factors’. The strategic plan will only be able to fulfil the mission if the tactical plan addresses a number of important issues.

If the board writes the strategic plan, the critical success factors should clearly indicate what the board would like the CEO to do. To give the CEO freedom, the strategic plan should avoid stating how this might be done. For example, a critical success factor might be that the CEO should set up a fundraising department.

Structure of a strategic plan

There are many different ways of structuring a strategic plan. Here we outline one possible structure:

- State the organisation’s vision, mission, purpose and values.
- Give some background to the organisation as some of the objectives in the plan may be in response to recent events in its history.
- List the objectives.
- List the critical success factors.

While the tactical plan may cover many pages, there is no need for a strategic plan to be more than ten pages long. The strategic plan is an overview and states what needs to be done. The tactical plan states how things will be done and therefore needs to be more detailed.

The strategic plan should be revisited each year, though it will not necessarily need to be changed. The lifetime of a particular strategic plan depends on many factors, including changes inside and outside the organisation. The easiest way to decide whether a strategic plan needs to change is to revisit the PESTLE and SWOT/BEEM analysis. If the content of these has changed, and the changes are considered important or urgent, then the strategic plan may have to be adapted, or rewritten completely.

REFLECTION

- Does our organisation have a strategic plan?
- If not, who should write one – the board or the CEO?
- Do our tactical plans contribute to the strategic plan?
- Should we review the environment our organisation is working in (using SWOT and/or PESTLE analyses) more often?

3.4 Ensure that legal requirements are fulfilled

Organisations work within a legal context. There will always be national laws that affect organisations, even if they are not registered. For example, if an organisation has paid members of staff, it is expected to comply with the country’s employment laws.

Registered organisations may be expected to fulfil many legal requirements. This can put an additional burden on the institution. However, it is worth noting that these legal requirements are usually for the good of the organisation in the long run. In some countries, it can be beneficial for organisations to become registered because there may be tax benefits and other allowances.

Registering a development organisation

To decide whether it is worth registering an organisation, it can be helpful to ask the following questions:

- With which government agency do we register?
- What types of organisations can register?
- What is the registration process? Consider documentation and financial cost.
- What legal restrictions do registered organisations face? Consider funding issues and governance issues.
- What are the benefits of registering an organisation? Consider tax benefits, ability to open a bank account in order to improve financial accountability, and ability to access government funding.

Since the board is responsible for the well-being of the organisation, it should ensure that all legal requirements are considered. It can therefore be helpful to have a board member who has a legal background, who knows the legal environment or who at the least is able to engage with complicated legal documents.

There may be legal requirements for the following:

- keeping minutes of board meetings
- keeping detailed accounts
- contracting workers
- commissioning independent annual financial audits
- having bylaws (see page 24).

Laws change. It is therefore helpful to give responsibility to a board member to monitor the legal environment. Some of this work can be delegated to the CEO, who in turn could delegate to a relevant member of staff if the organisation is large. For example, the personnel director could be responsible for ensuring that the organisation is up-to-date on employment law. If there is a member of staff responsible for the building and facilities, they could monitor health and safety law.

As ultimate responsibility belongs to the board, the board should oversee and approve any changes in organisational policy in relation to legal issues.

REFLECTION

- What legal requirements should we know about?
- Do we need help from an outside legal specialist, or is there someone in our organisation who can understand legal issues?

3.5 Ensure the organisation has enough resources to fulfil its mission

The board is responsible for protecting the organisation's assets and ensuring that it is able to fulfil its mission. This involves a number of different resources, including money, staff and facilities (such as an office, power and stationery).

The strategic plan should state what resources are needed to fulfil it. If more staff or particular facilities (such as a warehouse) are required, the plan should state this, in addition to the funds needed. The board should write or approve the annual budget, according to the organisation's needs for the coming year.

In smaller or newer organisations where the board is involved in operations as well as governance, board members could initially have an important fundraising role. In order to reduce their burden, the board should eventually consider delegating the responsibility to staff. It is worth employing a fundraiser if they will raise more money than the cost of their salary and overheads. When responsibilities for fundraising activities are delegated to staff, the board could write a fundraising policy, which states limits on how the organisation should be financed. For example, there may be potential sources of funding that the board does not think the organisation should pursue because they could damage its reputation. The policy could specify what proportions of the organisation's funding

should come from different types of donors, in order to reduce risk. The board should provide fundraising targets according to what the strategic plan hopes to achieve.

The board should ensure good use of the organisation's finances as it is accountable to God, to beneficiaries and to donors. This can be done in a number of different ways:

- Identify and approve the annual budget, ensuring it covers the activities identified in the strategic plan and maintenance of the organisation's assets, such as buildings.
- Monitor fundraising progress and whether income is keeping up with planned expenditure.
- Monitor use of funds by studying monthly or quarterly financial reports drawn up by the finance director and board treasurer.
- Commission an independent financial audit each year to ensure that the financial systems and processes are sound, efficient and effective.
- Ensure that risks are assessed and managed so that money is not unnecessarily wasted.



An organisation cannot exist or function without people. It is important that the board values staff. In registered organisations, the board is the legal employer of all staff (even if the authority for recruiting them is delegated to the CEO). It is therefore legally responsible for their working conditions. The board should set policies regarding the need for job descriptions, staff appraisal and grievance procedures. It should oversee the setting and review of salary scales. However, all other procedures involved in recruiting staff should be identified by the CEO and appropriate staff.

An important asset is the organisation's reputation. If the reputation is damaged, there are implications for funding, and people might not want to be involved with the organisation. Board members have an important part to play in maintaining the organisation's reputation. They could consider policies that protect it, such as a code of conduct. They should use opportunities to talk about the organisation in their daily life and speak at public engagements in order to raise its profile.

REFLECTION

- What role does the board play in fundraising? Is this appropriate?
- In what ways does the board monitor the use of the organisation's funds? Is this enough to protect the organisation's assets or should more procedures be put in place?
- Do staff feel valued? In what ways does the board show it values the organisation's staff? What procedures are in place to protect staff?
- How do outsiders view our organisation? What role could the board play in raising the profile of our organisation in our community or in the wider area?

Guidelines for board members about financial issues

Although the detailed work of budgeting and financial reporting needs some specialist expertise and may be overseen by the Treasurer, it is the responsibility of the whole board to set the boundaries for the organisation's financial affairs.

When setting the annual budget the Board should consider:

- Is the budget balanced, or does it show a surplus or a deficit?
 - Is it appropriate for us to be spending all of the organisation's income, or should we be trying to save some money as reserves for any difficult times in the future?
 - If we already have some reserves, do we have enough or do we have more than we really need?
- Have all necessary costs been included in the budget?
 - Do we need to set aside any funds for the replacement of vehicles and equipment when they are worn out (depreciation)?
 - Do we need to set aside funds for any future costs, such as repairs or refurbishment of the office building, retirement benefits for staff?
 - Are we paying fair salaries to enable us to recruit and keep high quality staff?
- Is our income likely to continue at the same level or change up or down?
 - Are any donor commitments coming to an end?
 - What are we doing to find other sources of income?
- Was there anything special about last year's financial wellbeing?
 - Is it wise to base this year's budget on last year's results?
 - How might changes in the environment in which we work impact on our normal patterns of income or expenses?

When reviewing financial reports the Board should consider:

- Has income arrived as expected in the budget? If not, why not?
 - Do we expect income to arrive later and do we need to reduce any budgeted expenditure in the meantime?
 - Do we have enough money to meet existing commitments such as salaries?
- Is expenditure on target?
 - If it is less than budgeted, are we behind schedule with project work?
 - If it is more than budgeted, are we ahead of schedule, or overspending somewhere?
 - Are we sure that expenditure is being controlled properly by those with delegated authority for approving payments?

When setting up policies and systems the Board should consider:

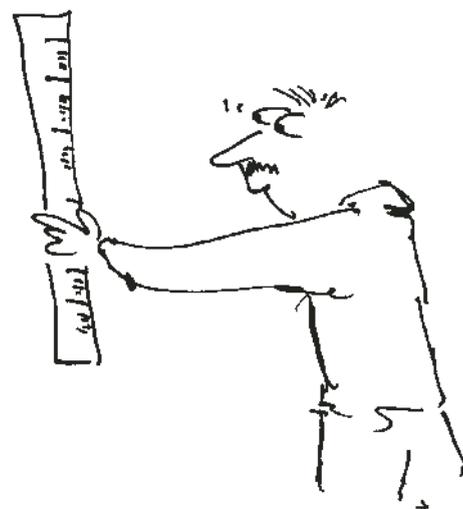
- Do we have an appropriate system of financial controls that:
 - prevent the improper or unwise use of the organisation's funds and
 - protect our staff from temptation or suspicion of any improper use of funds?

- Do we have an accounting system and skilled staff, to ensure that we can rely on the accuracy and completeness of any financial information presented to us?
- Do we have clear and reasonable policies governing the use of funds and other assets where there may be some personal benefit to individual staff or board members? For example, use of vehicles, telephones, and allowances for travel expenses.
- Do we have clearly-communicated and fair policies for employees concerning issues such as rates of pay, other benefits, working hours, leave entitlement, and disciplinary procedures?

3.6 Assess progress

As the board is responsible for ensuring that the organisation's mission is achieved, it is important to assess progress. This enables the organisation to learn lessons in order to improve performance in the future.

Assessment is an important aspect of accountability. For example, relationships where there is delegation of responsibility or authority should be assessed. Funding relationships should also be assessed. This is why organisations usually produce an annual report which looks at how donated money has been spent.



Since the achievement of the organisation's mission is dependent on a number of factors, assessment needs to be carried out at a number of levels:

ORGANISATIONAL LEVEL Is the organisation's mission being achieved?

BOARD LEVEL Is the board functioning efficiently and effectively? Is it adding value to the organisation?

STAFF LEVEL Are the CEO and staff carrying out their roles efficiently and effectively?

FIELD LEVEL What is the impact of individual projects and programmes on poor people?

The board should ensure that assessment is carried out at every level, though the CEO is responsible for carrying out assessment at staff and field levels. The field level assessments are often the best way to assess performance at organisational level, though it is also important that the internal workings of the organisation are efficient.

At staff level, it can be helpful if each member of staff has a set of annual objectives that are linked to their job description. At the end of the year, they should discuss whether they have achieved these with their line manager.

Assessment can be done in a number of ways:

- Written reports and financial statements.
- Verbal assessment, such as interviews.
- Observation. For example, board members could visit the organisation to watch CEO and staff performance.
- Self-assessment – this can be done as individuals or as a group.
- Asking someone from outside the organisation to carry out the assessment so that objectivity is not lost. This could include using an independent financial auditor, and contracting external consultants to evaluate projects and programmes.

Whenever assessments are carried out it is important that the assessment identifies areas that need to be addressed and that action is taken. Too often, if assessments are carried out at all, they are done and then quickly forgotten about. If the assessment shows slow progress or lack of success, people often try to ignore it and hope that things will improve. Even assessments that show good progress identify some areas that could be improved upon. It is important to remember two key reasons for carrying out assessments:

- To celebrate success.
- To look at what can be done better.

Every assessment should therefore result in an action plan. This plan should contain all the activities that need to be carried out in response to the findings of the assessment. However, be realistic about how soon these can be achieved and how many issues can be addressed at once. Action should be incorporated into the following year’s planning process.

Action planning table

Assessment finding	Action required	Priority (high, medium, low)	Person responsible	Deadline	How progress will be measured

In assessing the organisation’s progress the board may find it helpful to consider where it is in the organisational lifecycle. Like people, organisations go through infancy, adolescence and maturity. There are different needs during those phases, as shown in the table below. Board members need to recognise issues that the organisation is facing, and that the response may be to make significant changes to the way the organisation is structured and managed.

	Infancy	Adolescence	Maturity
GREATEST NEEDS	<ul style="list-style-type: none"> • Leadership skills • Vision and mission • Strategies • Resources • Programmes 	<ul style="list-style-type: none"> • Improved systems • Leadership • Networking • Collaboration 	<ul style="list-style-type: none"> • Policy issues • Research analysis • Leadership • Advocacy
TRAINING NEEDS	<ul style="list-style-type: none"> • Basic skills • Strategic planning • Programme design and implementation 	<ul style="list-style-type: none"> • Efficiency • Effectiveness • Evaluation 	<ul style="list-style-type: none"> • Sustainability • Rejuvenation • Good practice

REFLECTION

- Is our organisation good at assessing its work? Are there some areas or levels of our work that we are better at assessing than others?
- Do we view assessment as a negative thing? How can we encourage people to view assessment as a positive thing that helps us to improve our work and celebrate what we have done?
- What areas of work should we start to assess?
- How might we do this?
- At which stage of the organisational lifecycle is our organisation?
- Do the needs of our organisation match those in the table above?
- What can be done to meet those needs?

Threats to progress¹

In all phases of the organisation’s lifecycle there are a number of common errors which threaten successful progress towards achieving objectives. Board members should be aware of these:

- NEGATIVE CULTURE** **Symptoms** Core relationship values of affirmation, participation and empowerment are replaced by blame, exclusion and judgment, lack of corporate worship and prayer.
Results Loss of openness, poor morale, complaining among staff, loss of staff.
- NO STRATEGIC PLAN** **Symptoms** The organisation has not identified its values, mission or vision, or if they exist they are outdated or lack ownership. Future is based on ‘faith’ instead of careful planning. No measurable strategic goals exist.
Results The staff take control of strategic direction instead of the process being led by the board. Confusion or disagreement about purpose and priorities lead to unfocused ministry and ineffective and inefficient use of resources.

¹ Based on the ‘Seven deadly sins’ in Stahlke (2003)

DISEMPOWERMENT	<p>Symptoms Staff are not adequately involved in making decisions that affect them. Leaders make decisions. Staff may not proceed without permission.</p> <p>Results Ineffective and inefficient service delivery, wasted staff potential, poor morale, high staff turnover.</p>
ABUSE OF POWER	<p>Symptoms One or more individuals are given or take on more authority than is necessary for their delegated responsibility. Other staff submit.</p> <p>Results Overconfidence, interference in the work of others, staff discouragement, broken relationships, manipulation.</p>
UNCLEAR EXPECTATIONS	<p>Symptoms Goals are not linked to the strategic plan but set by those in authority with no consideration of available resources. Expectations are assumed but not expressed.</p> <p>Results Staff have no way of knowing when they have succeeded. Differing expectations lead to misunderstandings and breakdown of relationships.</p>
LACK OF FINANCIAL RESPONSIBILITY	<p>Symptoms Financial planning is poorly documented and lacks detail. Those without good financial knowledge leave the responsibility to those with financial skills.</p> <p>Results Unstable financial condition, unexpected financial crises, waste, potential fraud.</p>
WEAK ACCOUNTABILITY	<p>Symptoms Accountability mechanisms are poorly defined, not used or do not exist. Poor performance or behaviour is tolerated and treated with understanding and forgiveness. Annual performance reviews are rare or non-existent.</p> <p>Results Successful employees are not affirmed. Weak employees are not supported. When forgiveness fails to produce change in unacceptable performance and behaviour, judgment and unfair dismissal follow with accountability and discipline never happening.</p>

REFLECTION

- Which of these threats has our organisation experienced or is our organisation currently experiencing?
- What can be done to address them?

4

Establishing and maintaining a board

In this section we look at issues to consider when setting up a board and keeping it going.

4.1 Roles of board members

People often agree to become board members without understanding what their role will be. They discover their role once they have attended a few board meetings. If board members fully understand their role before they take up their position on the board, their contribution could be more fruitful from the beginning.

REFLECTION

- Are board members made aware of their role before they join the board of our organisation?
- Ask board members to think back to when they started to serve on the board. How much understanding did they have of their role? How long did it take for them to fully understand what was required of them?
- What training or induction is given to new board members?

All board members have a part to play in governing the organisation. These roles include:

- attending board meetings
- reading all documents that are circulated before board meetings
- participating in discussions at board meetings
- helping to make decisions by voting
- working as a team
- being an active member of one or two committees
- keeping up-to-date on the issues that the organisation is seeking to address
- understanding the organisation's current work. This may involve visiting a project, meeting with staff or reading literature that the organisation produces about its work
- representing and speaking on behalf of the organisation in public, where appropriate
- praying for the work of the organisation and for the effectiveness of the board.

A board needs to have a few official positions of responsibility in order to function well. These positions are usually chairperson, vice-chairperson, secretary and treasurer. Depending on the focus and needs of the organisation, some boards will have additional positions such as a legal representative or a church representative. In addition to the roles above, these people have the following responsibilities:

- Chairperson**
- Have overall responsibility for making sure the board functions well.
 - Chair board meetings (see page 70).
 - Oversee the work of committees.
 - Appoint chairpersons for committees and recommend committee members to the board.
 - Oversee the recruitment of the CEO.
 - Meet regularly with the CEO, supervise the CEO's work and co-ordinate the CEO's annual performance evaluation.
 - Work with the CEO to ensure that board decisions are carried out.
 - Provide orientation for new board members, alongside the CEO.
 - Plan the next board meeting – prepare the agenda in consultation with the CEO.
 - Sign the minutes of board meetings.
 - Represent the board externally and act as a spokesperson for the organisation.
 - Help board members to assess their performance and set individual goals.
 - Deal with conflict between board members or behavioural issues.
- Vice-chairperson**
- Act as the chairperson in board meetings if the board chairperson is absent.
 - Be prepared to take on the responsibilities of the chairperson if the chairperson becomes unable to carry them out.
 - Carry out special assignments required by the chairperson.
 - The vice-chairperson often chairs the nominating committee.
 - Often the vice-chairperson will succeed the board chairperson.
- Secretary**
- Give board members written notice of meetings at least one week before.
 - Take accurate minutes at meetings and store them safely, along with other important board records.
 - Distribute minutes after board meetings.
 - Keep correspondence up-to-date.
 - Take on the responsibilities of the chairperson and vice-chairperson if they are both absent.

- Treasurer**
- Act as the financial officer. This means overseeing, and managing the board’s review of, financial aspects of the organisation. However, it does not mean that the treasurer is accountable for the organisation’s financial affairs. This is the responsibility of the entire board, or the financial committee, if the board feels it is appropriate to delegate this responsibility.
 - Chair the finance committee.
 - Ensure regular financial reports are made available to the board. This involves working with the CEO and finance director.
 - Help the CEO and finance director to prepare the annual budget.
 - Present the annual budget to the board for approval.
 - Commission and review the annual audit.
 - Use financial knowledge to guide the board through financial matters.
 - Authorise payments with the chairperson or CEO in small or young organisations where the board is more involved in management.

It may be useful to ensure there is a legal representative on the board. Their responsibility could be to:

- Protect the organisation’s legal status.
- Oversee the issuing of external contracts.
- Ensure that legal complaints by employees and other stakeholders are dealt with effectively.

REFLECTION

- Do we agree with the list of roles of all board members above? Is there anything that we would like to add to the list?
- Does our board have some key positions of responsibility? What are these? Do we agree with the roles listed above? Is there anything that we would like to add to the lists?

4.2 Board membership



- Size of the board** The number of board members should depend on the size and mission of the organisation. The board requires members with an appropriate range of skills, knowledge and expertise to fulfil its needs. It should not have so few members that it becomes overburdened and ineffective. On the other hand, the board should not have so many members that they are not able to participate actively. The more people there are in board meetings, the longer it takes to hold discussions. It is also more difficult to find a date when everyone can attend.
- Role of the CEO** In some organisations the CEO is an *ex officio* member of the board. This means that whoever holds the position of CEO is automatically a board member. Sometimes the CEO is allowed to vote and sometimes not. CEO membership on the board is useful as it strengthens the working relationship between the board and the CEO. However, it can confuse the difference between governance and management of the organisation. As the board is responsible for recruiting, supporting and evaluating the CEO, it can become awkward to do if the CEO is also a board member. For these reasons it can be better not to allow the CEO to be a board member. However, this does not stop the CEO attending board meetings, for all or part of the meeting. This is vital if a good working relationship between the CEO and the board is to be developed. CEO feedback to the board is essential if good decisions are to be made.
- Term of service** The board should consider the term of service of board members. Usually this involves setting the length of service before re-election. It can also be helpful to set a maximum number of terms for which a member can serve, either with or without a break between terms. For example, board members may serve a maximum of three terms of three years per term. They must be re-elected after each term if they wish to continue. The purpose of setting maximum terms of service is to encourage the election of new members who bring in new ideas and vision. Otherwise boards can become stagnant and fail to move the organisation forward creatively. It also provides an opportunity to stop ineffective members from continuing. It is usual to stagger the terms so that all the long-standing members do not finish their terms of service at once. This ensures that the board has a good balance of experience and new ideas.

It is helpful to keep a record of the board members and their terms of service in the board manual (see page 62). This will enable the board to prepare for elections and recruitment of new board members. This plan can also record the terms of members in key positions so that the board knows when to elect new people to those positions.

EXAMPLE
Record of board members with a service of three terms of three years each

Name	Date elected to board	Date for re-election	Date for second re-election	Date when retiring from the board

This table aids planning. However, this pattern of events may not happen so the board needs to be flexible. For example, a board member may decide not to stand for re-election, they could decide to resign from the board during a term of service, or the board may decide to dismiss them.

REFLECTION

- How many people serve on our board? Is this too many, too few, or an appropriate number?
- What is the CEO's relationship with the board? Is this appropriate?
- Have we identified terms of service for board members? If not, should we consider this? If we have, are the terms of service appropriate?
- Is there a good balance of experience and new ideas among board members?

4.3 Recruiting new members

BIBLE STUDY

Selecting godly leaders

- Read 1 Samuel 16:1-12. This Bible passage focuses on the selection of David, the new king of Israel.
 - What does God look for when he is selecting a leader (verse 7)?
 - Do we only look at the surface when we are recruiting new leaders?
 - Unlike God, it can be difficult for us to look directly at people's hearts. How can we make sure that we recruit the right people?
- Read 1 Peter 5:1-4. This passage is aimed at elders, who are Christian leaders.
 - What is Peter encouraging leaders to be like?
 - What qualities is Peter discouraging?
 - Why do we think Peter mentions these things to the elders?
 - Do we need to be reminded of these things?
 - How can we ensure the people we recruit have the good qualities noted here?

When considering new board members it is important to look at both their professional skills and their personal qualities. For example, it is unhelpful to recruit someone who has a lot of professional development experience if they do not like working in a team.

Professional skills and knowledge relate to qualifications and work experience. *Personal qualities* are individual characteristics that enable people to do a job well. They relate to people's behaviour and show **how** they carry out a task. The box opposite outlines some key personal qualities for board members.

It is important to avoid letting prejudice affect who is recruited. There may be some personal characteristics that are not relevant to being a board member. Examples include physical appearance, age and marital status.

It is common for board members to be too busy to carry out their role well. They may have paid work elsewhere that requires a lot of their time and energy. They might therefore have little time to attend meetings, participate in committees, prepare for meetings or speak at public engagements. As a result, the board may become unmotivated and unproductive and the organisation could fail. Board members may be in high demand in the local area and they may be a board member for a number of institutions. It is important to be realistic about whether a potential board member is currently in a position to make a full commitment to the role.

It can be helpful to list professional skills and personal qualities in the board manual so that the board can refer to it when the need arises. Some of these could be marked as essential for board members. Others could be considered desirable. Professional skills may be applicable to specific board roles. For example, it may be felt that the treasurer should have studied financial management to a certain level. However, it may not be necessary for all board members to have relevant professional skills. Some board members

Key personal qualities for board members

Adapted from Stahlke (2003) *Governance matters* p354

Research has identified four types of personal qualities useful for board members:

■ **Achieving qualities**

COMMITMENT TO THE ORGANISATION – in agreement with mission, vision and values.

In a Christian organisation, board members should show a commitment to serving God.

GOOD COMMUNICATION – good at speaking, listening, reading, writing, openness

CONFLICT RESOLUTION – committed to justice and fairness in order to restore healthy relationships

INITIATIVE – able to grasp opportunities and draw attention to issues

OBJECTIVITY – able to be impartial and unbiased

■ **Thinking qualities**

CONCEPTUAL THINKING – able to make connections, see trends and relationships, interpret information

EFFECTIVE JUDGMENT – able to apply common sense, reason, knowledge, and experience

INDEPENDENT THINKING – able to maintain own beliefs despite influence, opposition or threat

LOGICAL THINKING – able to think through an issue carefully

■ **Leadership qualities**

ACCOUNTABILITY – welcomes giving and receiving objective evaluation of relationships and performance

INTERDEPENDENCE – able to work effectively with others, committed to group decisions

STEWARDSHIP – able to make the best use of resources while aiming for high standards

■ **Individual qualities**

EMPATHY – aware of and appreciates the feelings, concerns and needs of others

OPEN-MINDEDNESS – open to new information and ideas. This includes willingness to develop necessary skills where they are lacking

PERSONAL INTEGRITY – trustworthy, conscientiousness, honest

SELF-AWARENESS – able to assess and manage strengths and weaknesses

SELF-ESTEEM – confident in own worth and capabilities

TRANSPARENCY – has no hidden agenda but is open with information, unless confidential.

without such skills may have an important contribution to make. This applies particularly to some beneficiaries.

Well-functioning boards consist of people with different professional abilities, skills and backgrounds. When the need to recruit new members arises, it can be helpful to consider the current needs of the organisation. For example, if the organisation has recently started working in a new location, it could be helpful to recruit a new board member from, or with experience of working in, that area. Or, if the organisation is expanding its work and is starting to focus on a new development issue, it could be helpful to recruit a new board member with relevant experience. However, it is important to remember that the board should avoid managing the organisation. Therefore some board members should have skills in strategic thinking or governance, even if they have had little contact

with development work. In addition to considering the current needs of the organisation, it can also be helpful to consider the skills of the current and retiring board members to ensure that the board remains diverse. It can also be healthy to have a good balance of members according to gender, age and ethnicity.

CASE STUDY
Reviewing board mix

Help and Hope decides that it should make its board more diverse, since most of the current board members are of a similar age and have governance experience rather than experience of development work. All the board members are men.

At their annual retreat, the board members brainstorm the different types of people who should be represented on the board. The chairperson makes it clear that people's positions on the board are not under threat, but as board members retire, the board will be more selective about their replacements. Once the board has discussed the types of people who should be represented on the board, they discuss the proportion of board members that they should represent. They decide that:

- One quarter of the members should have relevant development experience.
- One quarter of the members should have governance experience.
- One quarter of the members should be church leaders.
- The last quarter is not specified to allow for beneficiary representation.

They also decide that at least one third of the board members should be women. These details are written in the board manual.

Once gaps for new board members are defined, potential people should be identified, either by existing board members or by members of the organisation. Members of the organisation may need to vote for new board members, even if the board carried out the search for them. Where the organisation has no members, the board itself usually finds and elects its own board members. It can be helpful to appoint one or two members to form a nominating committee.

Potential board members could be:

- members of the organisation
- professional contacts of current board members
- experts in the development issue that the organisation focuses on
- members of committees
- donors
- beneficiaries
- local leaders, such as church leaders.

Remember that the board members should live or work near enough to the organisation to be able to travel to meetings quickly, easily and economically. The board should set aside a budget to pay for expenses of board members, such as transport and food during meetings.

It is easier for organisations working near the grassroots to have beneficiaries on their board. Be aware that beneficiaries may not be well-educated. This should not affect their presence on the board, since they have a lot to contribute. However, it may require reviewing how information is shared and a bigger investment in training.

Being on a board is a big responsibility. Board members have both a legal and moral responsibility for the organisation's work. This burden is often overlooked by people who are invited to become board members. Rather than looking at being on a board as an opportunity to serve with humility and to give, it is easy to see it only as an opportunity to raise one's status within society and to meet one's own ends. Another danger is that people who know they have a lot to offer might become a board member for a variety of organisations. This affects the time they are able to commit to each organisation and can result in conflicts of interest.

BIBLE STUDY

Serving others

- Read Philippians 2:1-11.
 - *Whom should we seek to imitate?*
 - *Verses 6 and 11 state that Jesus is God, yet look at verses 7-8! List his characteristics.*
 - *Why was Jesus' servant nature so important for God's plan to be fulfilled?*
 - *Verses 1-4 encourage us to have a servant heart. Can we think of times when we have failed to put others first?*
 - *What is the cause of this?*

It is easy to blame our lack of service on other people, saying that they do not deserve to be served. However, verse 1 clearly shows us that the problem lies in our own relationship with God. Sometimes we forget what Christ did for us when we did not deserve it.

- *Verse 3 warns us to avoid doing things for our own benefit. How can we ensure that people who work for our organisation, on the board or as staff, have the right motivation?*

Potential board members should be given an opportunity to prayerfully consider whether they should join a particular board. People who are already on a number of boards of other organisations should not be approached. Those who are invited to become a board member should be given time and space to make their decision. It can be helpful to provide them with a photocopy of the sheet on page 58 so that they can think through some important issues before coming to a decision. If boards are to govern effectively, board members must be 100% committed to the organisation. Ensuring that potential board members give the matter careful consideration helps to protect the organisation from governance problems later on.

Deciding whether to become a board member

Adapted from www.boardsource.org

These questions may help potential board members to decide whether they are committed to the organisation and to consider what they have to offer.

Some of the questions can be answered by looking at the organisation's written materials and reports such as the annual report, audited financial statement and board manual. Other written materials that are not produced by the organisation itself, such as newspaper articles, reports and books, can provide useful, unbiased insight. It can also be helpful to talk to people in order to gain their opinion. These people might include current and previous board members, the CEO and staff members, as well as other stakeholders, such as beneficiaries.

■ **Organisation's work**

- What is the organisation's mission?
- What is the organisation's Christian distinctiveness?
- How do its current programmes relate to the mission?
- Can I visit the organisation to see a programme?
- Is there a strategic plan that is reviewed and evaluated on a regular basis?

■ **Financial status**

- Is the financial condition of the organisation sound?
- Does the board discuss and approve the annual budget?
- How often do board members receive financial reports?

■ **Beneficiaries**

- Whom does the organisation serve?
- Are the organisation's clients satisfied with the work of the organisation?

■ **Structure of the board**

- How is the board structured?
- Are there descriptions of the responsibilities of the board and individual members?
- Are there descriptions of board committee functions and responsibilities?
- Who are the other board members?
- Is there a system to prevent conflicts of interest?

■ **Individual board members' responsibilities**

- In what ways does the board think I can contribute as a board member?
- How much of my time will be required?
- How are committee assignments made?
- What orientation will I receive?
- Does the organisation provide opportunities for development and education of board members?
- What is the board's role, if any, in fundraising?

■ **Board's relationship with staff**

- Is the board satisfied with the performance of the staff?
- How do board members and senior staff work with each other?

■ **Your interest in serving on the board**

- Am I committed to the mission of the organisation?
- Does the organisation have a basis of faith? Do I agree with it?
- What strengths can I offer the board?
- Can I contribute the necessary time to be an effective board member?
- Am I comfortable with the approach and tone of the organisation's fundraising efforts?
- Am I willing to contribute financial support?
- Can I place the organisation's purposes and interests above my own professional and personal interests when making decisions as a board member?

REFLECTION

- Do we consider both professional skills and personal qualities when we recruit new board members? What issues do we consider?
- Are we sometimes tempted to let prejudice affect who is recruited? How can we avoid this?
- Should we write a list of essential and desirable professional skills and personal qualities of board members in our board manual? If so, what items would be on this list?
- Do we have a good mix of people on our board? If not, what kind of people should we look for when we next recruit new members?
- How do we recruit people for our board?
- Are we looking in the right places for potential new members?
- Do we ensure that potential board members are fully aware of the responsibility of being a board member? Would the sheet on page 58 be useful for them?

4.4 Selecting people for key positions within the board

The board itself should be given the freedom to select people for key positions within the board. Issues to consider include:

- desired characteristics and qualities for the role
- the length of service in the role
- how people will be selected, such as by a secret vote.

Characteristics of a good chairperson

- vision – the chairperson needs to be able to encourage the board to look at where the organisation is going in the future.
- facilitation skills (see page 70 for more detail about facilitating a meeting) and team working skills so that they can draw wisdom out of others
- knowledge of integral mission (for Christian organisations)
- experience of being on a board and taking on a key board position
- good biblical knowledge (for Christian organisations)
- general knowledge about the location of the organisation’s work, its donors and national law regarding development work.

It can be helpful if the chairperson has served the organisation as a board member for some time before taking on the role. This will have enabled the chairperson to gain a good understanding of the organisation and the dynamics of the board. However, if times have been difficult for the organisation, it can be useful if someone from outside comes straight onto the board as the chairperson. Such a person will be more objective and be able to make important improvements to the organisation.

REFLECTION

- 'The chair[person] is the chief servant of the board, not the individual with the most power' (Stahlke (2003) p178). Discuss this statement. Is this the view in our organisation?

Characteristics of a good secretary

- good writing skills
- skills in summarising information
- organised
- good at distributing information.

Characteristics of a good treasurer

- experience of financial management. It is helpful if the treasurer has past experience of financial management in a development organisation.
- understanding of legal requirements regarding finances
- organised
- knowledge of sources of funding.

The legal representative, if there is one, should have good knowledge of national law, particularly in relation to employment and development work.

REFLECTION

- Do we agree with the characteristics of various board positions listed above? What characteristics might we want to add?

4.5 Resigning from the board

A board member could or should decide to resign for a number of reasons:

- if they no longer agree with the mission of the organisation
- if they do not have enough available time
- if they become unable to carry out tasks
- if a conflict of interest arises (see page 61).

A board member could be tempted to resign after a disagreement at a board meeting or because they do not agree with a decision. However, they should consider this carefully and prayerfully. In a well-functioning board, every board member will, at some point during their service, see the board making decisions they do not agree with. The beauty of the way God made us is that we have different views and backgrounds. Life would be very boring if we were all the same! An unhappy board member should think about why they want to resign and see whether issues can be resolved without resigning. They should ask themselves:

- Are there fundamental differences in my views compared with everyone else's? Or, in general, am I happy with most of the decisions that the board makes?
- Do I feel that my views are listened to? If not, are there ways that I could encourage the discussions to be more participatory?
- Are there particular people on the board with whom I find it difficult to work? Can I find a way to build bridges?
- How valuable is my contribution to the board? How would the board be affected if I resigned?

Often people resign from boards because they lack confidence to stand firm and to share their concerns. The board chairperson should find ways to build the confidence of the board members. The chairperson should be approachable and encourage board members to come to them to discuss any issues and concerns. They should be willing to consider making changes to the way the board functions if particular board members are unhappy.

Some organisations are so desperate to keep their board members that board members are made to feel guilty about leaving the board if they do not have the time to participate. This results in unhappy board members and an ineffective board. It is far better to release that person from the board and recruit a new person who can be more committed to the board's work. The chairperson has an important role in ensuring that board members are realistic about what they can contribute and giving them freedom to leave if necessary.

REFLECTION

- Do we consider the pressures on board members?
- Are we open to allowing them to resign if they do not have the time to do the job properly?

4.6 Internal board policies

In addition to policies for the wider organisation, it can be helpful for the board to have some internal policies:

CONFLICTS OF INTEREST POLICY Board members have a responsibility to give their own views about issues during discussions. However, they should ensure that these views are made in the interests of the organisation and not to serve their own interests. To avoid conflicts of interest happening, it can be helpful to ask each member of the board to make known any potential conflicts of interest when they are elected. This information should be updated each year. For example, board members might have connections with other institutions with whom the organisation could come into contact:

- A board member might work for a building company.
- A board member might serve on the board of another development organisation.
- The spouse or close relative of a board member might work for a company that carries out financial audits.

If the board needs to discuss an issue which might result in a conflict of interest for a board member, that person should not be allowed to take part in discussions or decision-making. The board member should not allow their bias to influence other board members.

Another type of conflict of interest concerns paid work carried out for the organisation. For example, a board member may be registered as a consultant for the organisation. The policy could state that board members are not allowed to carry out paid consultancy work for the organisation, since board members are expected to serve as volunteers.

CONFIDENTIALITY POLICY All discussions during board meetings should be kept confidential. While it is important that decisions are communicated to the appropriate people, it is not a good idea to make known the process of decision-making. While the board consists of members with different opinions, once a decision is made, they should show a united front. Otherwise the organisation's reputation could be damaged and specific people could be offended. Board effectiveness can also be impacted. If confidentiality is broken, board members will be reluctant to share their views during board meetings, with consequences for the quality of decision-making.

REFLECTION

- Do we have any internal policies? If so, what are they? If not, what policies should we consider writing? What would the content be?

4.7 Board manual

It can be helpful for each board member and the CEO to have a copy of the board manual. This manual contains all the important information about the board. It can be used for reference by individual board members and the CEO. It can also be referred to, if necessary, during board meetings. To save printing out the whole manual each time part of the manual is updated, it can be helpful if the manual consists of a ring binder with loose pages.

If the organisation has bylaws, the board manual should include the bylaws. However, it should also include information about the internal workings of the board.

On the opposite page are items of information that the board manual could contain.

REFLECTION

- Do we have a board manual? If not, should we consider writing one?
- Is it in a user-friendly format and easy to update?
- Are there any gaps?
- Do all the relevant people have access to this manual?

Information to include in a board manual

Information about the organisation

- History (how it was set up, key events)
- Ministry (basis of faith, values statement, mission statement)
- Legal status (including copies of registration documents such as the Constitution or Articles of Association)
- Finance (recent annual report, audit report, annual budget, current donors)
- Structure (organisational chart showing areas of responsibility)

Information about members of the organisation, if relevant

- How they are selected
- How long they serve for
- What their liability is
- Their responsibilities
- Details about Annual Meetings

Information about the board

- How members are elected
- Terms of service
- Orientation
- Meetings
- Information schedule
- Decision-making
- Responsibilities
- Key positions on the board
- Internal policies, such as conflict of interest

Information about committees

- Responsibilities
- Appointment of members

Relationship descriptions - board/CEO, chair/board, etc.

List of members of the organisation, board members, people in key positions, members of committees

Schedule for election or re-election of board members and people in key positions on the board

Minutes of recent board meetings

Expense claim form

Making boards more effective

5.1 Committees

The main aim of board meetings is to make decisions. The best decisions are made when people have had good information about all the possibilities. Sometimes this information can be provided by others, such as the CEO. However, sometimes this information needs to be collected by board members themselves.

To facilitate this, it can be useful to set up board committees. These consist of board members, and sometimes additional people who are not on the board, with the purpose of looking at important issues in depth. The committee will then present options to the main board for a decision to be made. Sometimes it may be appropriate to delegate decision-making responsibility for certain issues to the committee itself. It is important that committees are set up sparingly so that board members' time is not wasted and the board's work is not slowed down.

There are various types of committees. Some are permanent committees that meet regularly. These often have a specialised monitoring function. Some committees are active only when there is a need. Others are set up for a one-off, specific purpose and when the work is done, they are dissolved. These are sometimes called ad hoc committees.

Types of committees may include:

- **Finance committee**, which meets regularly. It oversees the organisation's financial status and advises the board on the budget and financial issues.
- **Nominating committee**, which is active when there is a need to recruit new board members
- **Sub-committees**. These committees have a very specific role and report to one of the board committees. For example, there might be an audit sub-committee which reports to the finance committee.
- **Ad hoc committees**. For example, as an organisation grows, there may be a need to find bigger offices. An ad hoc committee could be set up to look at whether it is best to extend the current offices or to build, rent or buy new offices. The committee would oversee the expansion and be dissolved once the organisation moves into the new offices.

Some boards have an Executive committee. This consists of people with vital roles on the board – usually the chairperson, secretary and treasurer. The Executive committee acts on the board's behalf between board meetings when issues arise about which immediate decisions need to be made. This saves time by enabling decisions to be made quickly,

rather than waiting until the next scheduled board meeting. However, it may discourage board members and others from seeing the board as a united decision-making body. It can be seen as unfair to expect the members of the Executive committee to make decisions without drawing on the knowledge and wisdom of the other board members. It can also be unfair to expect the other board members to accept decisions made by the Executive committee when they are all legally and morally responsible for the well-being of the organisation. If a board decides to have an Executive committee, it should carefully consider and agree the extent of its authority.

Every organisation is unique. Governance structures that are appropriate for one organisation will therefore not necessarily be appropriate for another. Some organisations will need more committees than others, depending on their size and mission.

Deciding which committees are appropriate

Here are some key questions to ask in order to decide which committees are appropriate:

- Does the committee add value by performing a specialised function that the board cannot fulfil itself?
- Does the committee add value by researching specific issues and bringing options to the board?
- Does the committee avoid managing or pressurising staff of the organisation with advice?

REFLECTION

- What committees exist in our organisation? If none, would it be helpful to set some up? What would these be? If we already have committees, are these appropriate?

Who should be on the committees?

Board members should be on at least one committee. This helps them to keep involved in what the organisation is doing. However, no board member should be on more than two committees. It is important not to over-burden board members, who often have full time paid work elsewhere in addition to volunteering on the board. The board chairperson is the exception to this because he or she can sit on all the committees. However, the board chairperson would usually not chair any committees.

People who are not board members can be invited to be a member of a committee. These people are recruited because they have relevant expertise and can give advice. Such people could include the CEO, senior members of the organisation's staff, members of the organisation and experts. For example, a nominating committee could consist of two board members and some members of the organisation. This encourages the board to listen to the organisation's members. The board members on the nominating committee can provide useful insight into the kind of people who make good board members.

Committee members are selected by the board chairperson after consultation with the board and the CEO. They should be selected carefully, considering their potential contribution to the committee, particularly in terms of their background and expertise. Some committees may require a larger commitment of time by their members.

Each committee should have a chairperson and a secretary. Usually the board treasurer is the chairperson of the finance committee and the vice-chairperson is the chairperson of the nominating committee. The chair of each committee has responsibility for monitoring the work done by committee members and ensuring that tasks set by the board are completed on time.

REFLECTION

- Is there a good balance of board members and non-board members on our committees?

Roles of committee members

Committees work under the authority of the board. They do not have any decision-making power unless authority is delegated to them by the board. They should not be seen as an end in themselves, but as a way to help the board fulfil its role. The main roles of committees are to:

- study an issue in depth
- identify key points and conclusions
- report to the board with a list of options for the board to consider, or make decisions themselves if this authority is delegated to them.

Specific committees have specific roles. For example, the finance committee oversees the financial aspects of the organisation. This involves, among other things, studying the organisation's finances at regular intervals, preparing financial summaries for each board meeting and contributing to the organisation's annual report. The finance committee should review the organisation's use of funds, assets and other resources, and provide advice to the board.

It is important to write a description for each committee, which outlines their authority and responsibilities. It may also be helpful to develop a work plan to specify when contributions to the board will be required across the year. Systems and processes could also be documented to guide committees and enable new members to quickly understand how the committee works. For example, a nominating committee could have guidelines on recruitment criteria, in what order different activities should be carried out, who the stakeholders are, and so on. All of these documents about the committees should be reviewed by the board every one or two years.

A typical description of a committee is as follows:

- **Name** of committee.
- **Purpose** of the committee.
- **Specific responsibilities**.
- **Meetings** – how often these will take place, and if appropriate, what should be discussed.
- **Chairperson** – who will chair the committee and who will chair in their absence.
- **Secretary** – who will give notice of meetings and record the minutes.
- **Quorum** – how many committee members need to attend meetings to make them valid. The presence of certain members could be specified, such as one board member.
- **Authority** – what authority has been delegated from the board.
- **Membership** – what kind of people should be represented on the committee, such as outside experts, board chair, CEO.
- **Terms of service** – how long members will serve on the committee and how many times they can renew their membership.

REFLECTION

- Do we have clear descriptions for each committee? If not, what should these descriptions include?
- What systems and processes need to be documented?

5.2 Agenda for meetings

An agenda is a list of items that will be discussed at a meeting. It is a useful guide to follow during the meeting to make sure nothing important is neglected. It is also a useful tool for board members before the meeting. It will help them to prepare mentally and prayerfully.

The agenda is the chairperson's responsibility. The agenda for a board meeting should only contain items that are ready for decision-making so that the meetings are productive. For committee meetings, the agenda may include more time for discussion. The agenda should be circulated by the secretary a week before the meeting.

There are some items that should be included on every board meeting agenda. For example:

- Title of meeting.
- Date, time and place of the meeting.
- Prayer to open the meeting.
- Review and approval of the minutes of the previous meeting.

- Verification of the quorum – this means ensuring that there are enough people present at the meeting to make a decision, according to the organisation’s board manual. If there are not enough people, the meeting should be postponed. To avoid wasting time and money, board members should be encouraged to send a written apology in advance of the meeting to the chairperson or secretary if they cannot attend.
- Review of financial report. The report should be circulated before the meeting. The treasurer or financial director should present only the key points. Any important financial matters should be discussed.
- CEO report. The report should be circulated before the meeting. In the meeting, the CEO should present only the key points and take questions.
- Committee reports. This is an opportunity for committees to give updates to the board and ask for advice or decisions where necessary.
- The main part of the meeting – issues that require a decision. These may be new proposals or proposals from the last meeting which still require a decision.
- Reading of correspondence.
- Any other business (sometimes written as the initials AOB). This gives board members an opportunity to discuss any issues that have arisen since the agenda was written and which cannot wait until the next meeting. This item can also be used to share points that do not need to be discussed. To ensure there is enough time, it is helpful if members suggest AOB items to the chairperson at the beginning of the meeting.
- It is helpful to include five-minute breaks in the agenda every hour so that people can get food or a drink, go to the toilet, or make telephone calls. This will have a great impact on members’ ability to concentrate. It will stop people leaving the meeting during discussions, which distracts other members and means that they might miss a vital piece of information or an opportunity to contribute to the discussion.
- Agreement about the date, time and place of the next meeting.
- Prayer to close the meeting.

The chairperson should ensure that the meeting follows the agenda closely. It can be helpful for the chairperson to estimate the amount of time that each item will take and try to keep the items to that time. This will ensure that the meeting finishes on time, and that people have energy and the ability to concentrate. At the beginning of a discussion item it can help people to focus if the chairperson tells them how long the item will last.

REFLECTION

- How could we improve our agendas so that they are more useful?

5.3 Chairing a board meeting

There is quite a lot of skill involved in chairing a meeting. People often misunderstand what the role of the chairperson is. At one extreme, the chairperson can be more authoritarian than he or she should. For example, the chairperson may be the person who always has the 'last word' in discussions. The chairperson may widen their responsibility and abuse their power so that it influences decision-making. The chairperson may try to force his or her ideas on other board members. At the other extreme, a chairperson, in an effort to serve the other board members, may want to give everyone an opportunity to share their views and discuss every issue in a board meeting, so that it lasts for hours and does not necessarily result in a decision. The chairperson may not make any personal contribution to discussions at all.



A good board chairperson will get the balance right. It is possible to set time limits on discussions and ensure people's contributions are brief, at the same time as being a good servant. It is also possible to use one's power in a positive way – to encourage the board to work as a team, with joint responsibility for the decisions that are made.

A key skill for chairing a meeting is the ability to facilitate discussion. The chairperson should avoid teaching the board or telling the board what decisions will be made. This does not stop the chairperson making their own views known during discussions, but it should be done so that board members see the contribution as equal rather than superior to their own. A good chairperson:

- draws ideas out of people, as everyone has useful knowledge and ideas to share
- encourages board members and makes them feel valued
- acts as a timekeeper, making it very clear to board members how much time will be given to a particular issue before a discussion starts
- should keep discussions focused and aim for decision-making
- should keep order in the meeting and deal with conflict appropriately
- should be clear. For example, the chairperson should summarise discussions before a decision is made and clearly state the issue or proposal that board members will vote on.

The chairperson does not have to remain neutral during discussions because their first responsibility is as a board member, with their responsibility as a chairperson coming second. However, it is important that the chairperson states that their contribution to discussion is their own opinion as a board member. Once the chairperson has made their contribution, they should allow other people to speak. They should avoid abusing their power as facilitator by allowing themselves to dominate the discussion to defend their point.

Addressing challenges that the chairperson may face

Managing conflict

- Acknowledge the conflict.
- Try to establish the cause of the conflict.
- Lead the group to a place of mutual respect.
- If the conflict is not related to the topic of discussion, encourage those involved to resolve the disagreement after the meeting.

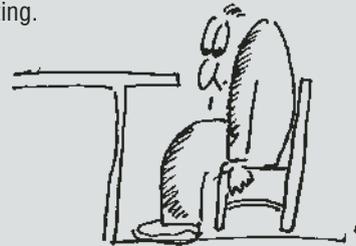


Handling dominant people

- Reinforce alternative behaviour.
- Ask people to lift their hand if they want to speak.
- Limit the number of times each person can speak in the discussion.

Working with quiet people

- Encourage them individually, within and outside the meeting.
- Try to find out why they are not participating more in discussions. Be aware that new members of the board may be quiet for the first couple of meetings while they see how things are done, get to know people, understand their role and develop confidence. On the other hand, some members might not participate because they do not think their views will be respected. The chairperson may therefore have to talk with particular board members who show lack of respect, or the board as a whole to remind them of the rules of debate.
- Invite them by name to give their views.



Adapted from *Facilitation skills workbook* (2004) Tearfund

Once a decision has been made, the chairperson should ensure that someone is chosen to take the action forward.

It can be helpful to have a board assessment session once each year. This will enable board members to consider how well the board has functioned. The chairperson should ensure that weak areas are addressed. This may involve the chairperson making changes to the way he or she carries out their role. Key questions are:

- Does the board function well? In what areas does the board not function well?
- Do we work well as a team?
- Are our meetings productive? How could we make better use of the time?
- Do we spend too long discussing issues?
- Does everyone participate in discussions? How could quieter people be encouraged to speak more and how could dominant people be encouraged to speak less?
- Does everyone listen to others' views? How can we encourage each other more?
- Do we discuss too many issues at each meeting?
- Is the content of the meetings always board business or are there some issues that are irrelevant to the board?
- Do we make decisions? If not, how could we improve our decision-making?
- Do board members vote the way they want to or do they feel under pressure from others to vote in a particular way?

The chairperson should be aware that some board members might not understand some of the issues that the board discusses, but be too afraid to admit it. The chairperson should therefore encourage a culture of openness and mutual respect. The chairperson could do this by:

- setting an example by admitting when they do not understand an issue
- asking people to explain presentations and comments more clearly if they think some people in the room may not understand
- encouraging board members to avoid jargon
- reminding the board that some board members have different levels of knowledge about an issue
- asking individual board members during one-to-one meetings whether they understand everything the board discusses.

REFLECTION

- Are our meetings well facilitated? What improvements could be made?
- Does the chairperson find it difficult to chair meetings? Why?

5.4 Minutes of meetings

The secretary of the board has the responsibility of taking written notes of board meetings. These notes are called minutes. There are many reasons for taking minutes:

- They are often a legal requirement for a registered organisation. Any action that the board takes which is not recorded in the minutes is not a legal action.
- They are a record of the decisions that the board has taken.
- They remind members of what was discussed at the last meeting as they prepare for the next meeting.
- They are a useful accountability tool for members who agree to carry out a task.



Often, minutes are too detailed. Much of the information recorded is not necessary. This means that the secretary is wasting time and effort scribbling down points when they could be participating more in discussions. Detailed minutes also make it difficult for board members to find the actions that have been agreed. Here are some pointers to help secretaries keep good minutes:

- First, write down the title of the meeting, location, date and time.
- Record the people present at the meeting and those who are absent. Also write down names of any guests who attended the meeting. If they are there for only part of the meeting, note the agenda items during which they are there.
- Write down the issue being discussed, the decisions that have been made and actions that will be taken. Do not write everything that everyone says during the course of the discussion. There is no need to include names unless they are important to the item being discussed. Imagine someone who was unable to attend the meeting. Will the minutes give them an adequate understanding of the outcomes of the meeting?
- Ensure that the minutes are correct. Include only facts. Make sure that the actions agreed are expressed as closely as possible to what was said, in order to avoid confusion.
- Number each item according to the number on the agenda. It can be helpful to put the agenda items in a table with one row per agenda item and three columns: one for the item number, one for the notes, decision or action and one for the person who will be responsible for taking the action forward.
- Make sure that any additional documentation, such as reports, plans and budgets that were circulated before the meeting and used as the basis of discussion, is attached and referenced clearly in the minutes.

- Type the minutes as soon as possible after the meeting, check them with the chairperson, and within one week circulate them to all those who were present at the meeting as well as those board members who were absent.
- Ensure that a brief review of the minutes is included as an agenda item at the next meeting to check that they are a correct representation of the meeting. They should then be signed by the secretary and the chairperson at the next meeting.
- Keep the minutes in a safe place, along with additional documentation. Store the minutes on a computer hard drive and a CD Rom or floppy disc. Keep paper copies in a file and store it in a safe place. Auditors may want to view the minutes in the future.

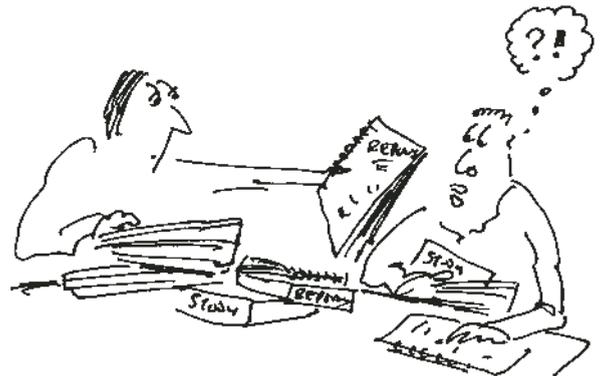
REFLECTION

- Do we keep minutes of every meeting? In what ways could we improve the way we take and store minutes?

5.5 Sharing information²

In order to define strategy and make good decisions, it is important to have access to good information. This information could be provided or collected by:

- board members themselves
- committees
- members of staff through the CEO.



The problem for some boards is that they do not have enough good information. On the other hand, some boards complain that they have a lot of information, but much of it is irrelevant, too detailed or takes too long to read.

There are three types of information:

DECISION INFORMATION – information that is needed so that board members can make good decisions.

MONITORING INFORMATION, such as reports on progress towards meeting objectives or information for reviewing the CEO's work.

INCIDENTAL INFORMATION – information that is for the interest of board members but does not need to be acted upon, such as information arising from committee meetings.

² Drawing on ideas from the Boardsource.org website

Information should be:

TIMELY There is no point having information after it is needed. Information needs to be up-to-date.

CLEAR If information is technical, it should be explained well, so that all board members can understand it.

CONCISE If documents are too long, people will not read them. State the facts and keep explanations simple but to the point. Some types of information can be represented as graphs, which saves space and can encourage board members to understand relationships and engage with the issue better.

RELEVANT Only include information that the board needs to know.

GOOD QUALITY Make sure facts, and particularly statistics, are based on reliable evidence. Try to include different points of view. Board members should read reports critically, trying to 'read between the lines'.

It can be helpful for the board to agree an information schedule which shows what information is required and when. This should be shared with the people who will be expected to contribute information. The schedule could be laid out like the table on page 76. Each year the schedule could be copied and the relevant dates inserted. This shows dates for when information needs to be presented to the board, dates for when information needs to be circulated and deadlines for information that needs to be developed by the board. Information is usually circulated to board members by the secretary after consultation with the chairperson.

REFLECTION

- What types of information do we use?
- Do we have too much information or not enough?
- Is our information timely, clear, concise, relevant and of good quality?
- How can we improve our information?
- Would it be useful to keep an information schedule?

Monitoring information															
Financial report	Monthly – covering previous month	Treasurer with Finance director	Board members and CEO	31	28	30	30	31	29	31	31	28	31	30	24
Financial report	Quarterly – covering last three months	Treasurer with Finance director	Board members and CEO					9		9				9	
CEO report	Monthly – summarises main activities and developments	CEO	Board members	5	5	5	5	4	5	5	5	5	5	5	5
Published articles about the organisation	Monthly, if relevant	Secretary	Board members and CEO	1	1	1	2	1	1	2	1	3	1	1	3
Other															
Annual report	Annually	Board and CEO	Staff, donors, beneficiaries, others						29						
Updated material for board handbook	Annually	Secretary	Board members				30								

How to fill in the information schedule

BOARD MEETINGS

First, enter the day of the month for each board meeting in the grey row. In the example above, the board meetings in 2007 will be on 2nd January, 2nd April, 2nd July and 1st October. There will also be a board meeting at the beginning of January the following year, so the table should take account of this so that information can be circulated before that meeting. In December it is important to consider the Christmas break. Therefore, in the example above, the information will be circulated well in advance of Christmas (10th December) to ensure that all board members receive it.

Then for each type of information (white rows), use the description to calculate when the relevant information should be circulated. It is helpful to consult a calendar. Insert the day of the month in the relevant month column.

MONITORING INFORMATION / OTHER

For each type of information, use the description to calculate when the relevant information should be circulated. For monitoring information, allow a few days after the end of the reporting period to enable the report to be written. In the case of financial reports, allow a whole month, because it can take some time for income and payments to be processed. In the example above, the financial report for December 2006 is expected on 31st January 2007, and so on. The quarterly financial report for January to March is due on 9th May. This is because the financial report for March is due at the end of April, and the Treasurer and Finance director need a few days to write the quarterly report.

5.6 Decision-making

BIBLE STUDY

Unity

If boards are to make good decisions, board members must work well together. It is important to work as a team.

- Read 1 Corinthians 12:12-27.
 - *What does the word 'body' refer to?*
 - *Whose body are Christians part of?*
 - *Look at verses 15-16 and 21. Why do we need one another in the body of Christ?*
 - *Look at verses 17-20. Why are we all different?*
 - *Look at verses 22-26. What should our relationships with each other be like?*
 - *Do people in our organisation feel needed?*
 - *Are their different strengths recognised?*
 - *In what ways can we encourage good team work?*
- Read Romans 15:5-6.
 - *How would reflecting on these verses help during times of conflict within our organisation or within our board?*

The aim of board meetings is to bring together members of the board to make decisions. The best decisions are made when people have access to good information on which to base their decisions. It is therefore important that all the necessary background information is collected and circulated to board members before the meeting. Board members should be given at least two weeks to read the information before they meet to discuss it and make a decision. The agenda should clearly state the issue on which a decision needs to be made. This saves time in the meetings and makes them more efficient and productive.

Another key ingredient for making a good decision is interaction between decision-makers. Board members should use their skills and experience to look at information objectively. They should voice their concerns and views and have a lively debate so that all options are considered. It may be necessary for the board to decide some 'rules of debate' so that the discussions remain focused. It can be easy for discussions to become unproductive, where the same point is made more than once, or where there are personal attacks on particular individuals. These rules of debate could be included in the board manual. They could also be written on to a large piece of paper which is stuck on the wall during meetings. The chairperson should ensure that everyone obeys the rules of debate and remind people of them when necessary.

The chairperson should ask board members to brainstorm and agree the rules of debate. These might include:

- Raise your hand if you want to speak.
- Do not make personal attacks on another individual.
- Do not interrupt each other.
- No person is allowed to speak for more than three minutes at once.
- No person is allowed to contribute to the debate more than three times.
- Respect other people's views.

The board member who is proposing a course of action should put forward options for the board to discuss. Board members should consider whether:

- the proposed course of action will help to fulfil the organisation's mission
- there are alternative options
- the information provided is sufficient to make a good decision, or whether more is required
- the organisation has the right structure and resources to carry out the course of action.

Care should be taken to ensure that decisions do not disagree with biblical teaching. The chairperson should ensure that board members consider issues in the light of the Bible's teaching. If necessary, the decision should be delayed until board members have had a chance to study what the Bible says about the issue, either during the meeting, or before the next meeting. It can be helpful to pause the discussion or decision-making process for a time in order to pray about a specific issue and ask God's help to make a wise decision.

If the board is large, it may be necessary to divide into small groups to discuss the issues and then share ideas with the whole group.

Our values will make a difference to the decisions we make. It can be helpful for the board to spend some time considering the key values that will help them to make decisions. For example, should the board's decisions be based on:

- what others will think or what we want to do better for the sake of the organisation's ministry?
- how the organisation's ministry will be affected or how the organisation's ministry can be expanded?
- how much our decision would require of people or whether it would glorify God?³

³ Source: Becoming a great church board (2004) *Christianity Today International*

Voting

Once the board has spent time discussing an issue it is necessary to make a decision about the action to be taken. The chairperson should make sure that everyone is ready to make a decision. Often the vote will be 'for' or 'against' the proposal. Or board members could vote for one option from a number of choices. They could:

- Approve the action proposed.
- Approve the action with amendments.
- Reject the action.
- Ask for more information to be provided if they do not feel they are able to make a good decision. Someone should be given the task of collecting, or overseeing the collection of, further information for discussion at the next meeting. The minutes should record this and the chairperson should make a note to include the item on the agenda at the next meeting.



There are a number of different ways of coming to a joint decision. Each board should choose the way that works best for them. This should be included in the board manual so that everyone understands how the system works. In the table below are some ways that decisions can be made, with their advantages and disadvantages.

Some methods of decision-making

METHOD	WHAT THIS METHOD INVOLVES	ADVANTAGE	DISADVANTAGE
Consensus	Everyone agrees with the action to be taken for the sake of the group and making a decision, even if they think a different option would be better	Board members are more committed to the decision that is made than after a majority vote	Can take a long time
Unanimity	Gaining approval from all board members	Board members are fully committed to the decision that is made	Takes even longer than gaining consensus. A unanimous decision may never be reached
Majority	This could mean: <ul style="list-style-type: none"> • more than a certain proportion (usually half) of all board members • more than a certain proportion (usually half) of members present at the meeting 	Quicker than gaining consensus	May disempower board members who do not agree

Votes could be cast by raising hands, with eyes open or closed. Alternatively, board members could vote in secret using a ballot paper. The advantage of a secret vote is that members who are less confident are more likely to vote the way they really feel. If the vote is open, some members might feel under pressure to vote the same way as confident members of the group.

Some organisations do not allow the chairperson to vote unless the vote is equal. The chairperson is then required to cast the deciding vote. The disadvantage with this approach is that it treats the chairperson differently from other board members. It appears to give the chairperson more decision-making power than other board members and discourages the board from working as a team. While the chairperson does have an important role, this is in addition to their role as a board member. The chairperson should therefore not be denied a vote. The best way to deal with this situation is to enable the chairperson to vote with everyone else. There are two ways of ensuring a decision is made:

- ensure that there is an odd number of people on the board
- the chairperson could be given a deciding vote, even if they have already voted once with the other board members. It is rare for a chairperson to have to use this extra vote. However, if it is needed, it is usual practice for the deciding vote to be in favour of the current situation, rather than for any radical change.

Once a decision has been made, an action plan is needed. This should include details about what activity will be carried out, who will carry it out, who will be responsible and when it will be completed.

REFLECTION

- How good is our board at making decisions?
- Would it be helpful for us to agree rules of debate?
- Do we ask God for guidance during our meetings?
- How can we improve our decision-making processes?

5.7 Board development

BIBLE STUDY

Living by the Spirit

- Read Galatians 5:16-26.

This part of Paul's letter to the Galatians is about freedom in Christ. We were once living under the curse of the law and were slaves of sin. Christ sets us free.

- *What is the importance of the Holy Spirit?*

Look at the fruit of the Spirit in verses 22-23. Some theological experts have suggested that the first three (love, joy, peace) relate to a Christian's attitude to God, the next three (patience, kindness, goodness) relate to a Christian's attitude to other people and the final three (faithfulness, gentleness, self-control) relate to a Christian's personal qualities.

- *Discuss what these fruits mean in the light of the three categories.*
- *Do we display the fruit of the Spirit? If so, why? If not, why not?*
- *In verse 25 we are encouraged to 'keep in step with the Spirit'. Discuss what this means and how we can do this in practice.*
- *How would keeping more in step with the Spirit transform our board relationships, relationships within our organisation and relationships with those outside?*

Once a board is working well, effort needs to be made to sustain it and even to develop it further. This involves supporting and developing individuals on the board to ensure they are motivated and their contribution is effective. It also involves developing the relationships between the individuals on the board so that they work well as a team.

BIBLE STUDY

Loving one another

- Read Romans 12:9-21. This passage focuses on love within God's family.

- *Write a list with two columns. In the left-hand column write all the things this passage says we should be or do. In the right-hand column write all the things that we should not be or do.*
- *Discuss what each of the items means in practice.*
- *Consider as individuals and as a group: Which of the items listed do we find easy? Which do we find difficult?*
- *What action should we take to love one another better?*

Every time a new member is elected, they should be made to feel welcome and given opportunities to find their role within the team. A good orientation by the chairperson and CEO is vital. This involves:

- enabling the board member to understand how the organisation works. An organisational chart showing departments and relationships can be helpful
- providing information about the responsibilities of the board. The board manual is useful.
- providing opportunities for them to get to know other board members.

It can be difficult to keep board members motivated when they spend most of their time doing paid work elsewhere and when the board meets only occasionally. There are a number of ways to keep board members motivated:

- Ensure there are regular board meetings, which are productive, and start and finish on time.
- Go on a retreat. For example, the board could go away for a few days each year. The time could be used for training, discussing board issues or team-building.
- Encourage board members to meet with staff, both in head office and in the field, and to visit projects. It can be a great encouragement to talk to some of the project's beneficiaries and hear about how their lives have been transformed as a result of the organisation's work.
- Encourage board members to speak to groups about the organisation and write articles for the local press.
- Provide training to keep board members engaged.
- Regularly thank board members for their valuable contribution to the organisation's work.
- Ensure that the board prays for board members on a regular basis and particularly at times when individuals are in particular need.

In addition to keeping board members motivated, the chairperson should ensure that the board members' contribution is of good quality. Even if board members are highly experienced and motivated, their contribution is limited if it is not relevant. To increase their effectiveness, they must be aware of what is happening in the organisation and in the field of its work. It can also be helpful for board members to widen their skills so that they can engage better with board business. For example, someone who has many years of experience as a development worker may lack skills in developing policies, understanding financial statements or understanding the way a board functions. Someone who is very experienced in governance and decision-making may lack understanding of development issues.

CASE STUDY
Developing Help and Hope's board

Before each board meeting, the board members share a meal together with a rule that they are not allowed to talk about board business during the meal!

The chairperson of Help and Hope's board ensures that she meets with, or telephones, each board member every month. She makes it clear to board members that they can approach her at any time if they have any queries or issues to discuss. Sometimes these issues are relevant to the board as a whole, and she ensures that they are added to the agenda for the next board meeting. If the issues are relevant only to that person, she takes time to listen and to provide advice and encouragement.

A common training need that has arisen is the need for training in financial management. The chairperson therefore asks the board members when they have a free half day to attend training. She then finds a suitable trainer and briefs the trainer so that he can provide tailor-made training for Help and Hope's board.

Certain board members could be sent to workshops or conferences so that they can improve their skills. The organisation could also provide internal training for the board as a whole. The advantage of this is that the training could be tailor-made for the needs of the organisation and of the board. Attendance should be compulsory, even for members who know a lot about the content of the training. This is so that, as part of the training, board members can consider the relevance of the content for the organisation and discuss the way forward. It could be very useful to have some training about development just before the board plans to write a new strategy or review its mission statement.

It is also important to invest in the personal development of board members. Among other things this involves developing their inter-personal skills, organisational skills and leadership skills. It is always good to have objectives to work towards, to encourage others to meet their objectives and to celebrate with them when they are achieved. This is the responsibility of the board chairperson and should be carried out with each board member.

Some team-building ideas

- Share meals together.
- Practical games.
- 'Get to know you' exercises.
- Some board members may have official titles such as Dr, Professor or Reverend. It is useful to know that these people have particular expertise and experience in certain areas, which can be very useful during board discussions. However, by calling people by their titles, team dynamics can be affected. Some people might be tempted to respect these people more than others, or take more account of their views. While it can be helpful to write full titles down in the board manual, it is wise for board members to verbally call each other by their first or last names.

Setting personal objectives

Each board member could be encouraged to set some personal objectives for the coming year. This should be discussed with the chairperson. The chairperson should write their own objectives, and could discuss them with the vice-chairperson.

The objectives could be based on tasks (ongoing or one-off) or relationships. It can be helpful to provide each board member with a copy of the table below. They should write the objectives in the left-hand column. After six months they should consult the table to consider their progress. Some objectives may already have been achieved. Others could be ongoing, or may have been forgotten about. After one year, the board member should score how well they have done in achieving each objective by putting a circle around the relevant number. They should discuss this with the chairperson and use the right-hand column to make comments about their progress. These comments could explain why the objective was not achieved, or they could record a positive impact relating to the objective being met.

A new table should then be copied and a new set of objectives for the following year should be added. Some of these objectives might be the same as the previous year if they are ongoing or if they have not been met. There may be new objectives that the board member wishes to achieve.

Personal objectives score sheet

PERSONAL OBJECTIVES SCORE SHEET						
Name:				Year:		
OBJECTIVE	SCORE					COMMENTS
	1	2	3	4	5	
	1	2	3	4	5	
	1	2	3	4	5	
	1	2	3	4	5	
	1	2	3	4	5	

- SCORES
- 1 = Not at all achieved
 - 2 = Some progress made
 - 3 = A lot of progress made
 - 4 = Achieved
 - 5 = Achieved beyond expectation

A helpful tool to promote team work is to ask board members to evaluate themselves as a group after each meeting. This helps to encourage board members' accountability to the group. Board members should agree together how they would rate the following issues:

Board members' self-evaluation form

ISSUE	VERY BAD	BAD	OKAY	GOOD	VERY GOOD
Attendance					
Punctuality					
Time keeping in meeting					
Participation in discussions					
Respect of others' views					
Quality of discussion					
Quality of decision-making					

The group should then discuss the issues rated very bad and bad, and decide why they were rated so. They should identify ways to make improvements.

REFLECTION

- Do board members feel well supported and motivated? What could be done to improve this?
- How good is our induction process? How could it be improved?
- What training do board members need? Who could provide this training?
- Would it be helpful to have personal objectives to work towards?

Action planning

The aim of this book is to help organisations to set up a board, or for boards to consider ways in which they could govern better.

It may be helpful for board members to read through this book and use the reflection questions as a basis for personal thinking or group discussion.

Once all board members have read the book, they could discuss the following questions:

- What have we learnt?
- What issues do we need to address?
- How might we do things differently?
- What can we start to change immediately?
- What can we begin to change over a period of time?

If there are areas that need improvement, it is a good idea to write an action plan. Start with the issues that are easiest to address or the tasks that are easiest to carry out. Success in these will help to build confidence that the larger issues can be addressed.

Action plan

ISSUE TO ADDRESS	ACTION TO BE TAKEN	WHO IS RESPONSIBLE	WHEN IT WILL BE COMPLETED

Resources and contacts

Recommended reading

- Blackman R (2004) *ROOTS 6: Fundraising* Tearfund UK.
Order from roots@tearfund.org or download from www.tearfund.org/tilz
- Clarke S, Blackman R and Carter I (2004) *Facilitation skills workbook* Tearfund UK.
Order from roots@tearfund.org or download from www.tearfund.org/tilz
- Stahlke L with Loughlin J (2003) *Governance Matters* GovernanceMatters.com Inc.
- Stoesz E (2001) *Common sense for board members* Good Books

Websites

- www.governancematters.com
The Governance Matters website contains free articles relating to governance issues for Christian organisations
- www.boardsource.org
The Boardsource website contains a lot of practical information for development organisations around the world

Glossary

This glossary explains the meaning of certain words according to the way they are used in this book.

accountability	situation where a person or an organisation is expected to explain their decisions and actions to others
audit	a formal examination of an organisation's accounts, efficiency or effectiveness. An audit is usually carried out by an independent consultant.
authority	the power to take action or make decisions, without having to gain permission from others
ballot paper	a piece of paper on which someone can record their vote
beneficiary	someone who directly benefits from an organisation's work
bias	a tendency to support or oppose something or someone in an unfair way by allowing personal opinions to influence judgment
board	a group of people with overall responsibility for an organisation
bylaws	description of the relationship between the members of an organisation and the board
Chief Executive Officer (CEO)	the operational manager of an organisation with responsibility for the organisation's staff
confidential	secret
deficit	the amount by which expenditure exceeds income or budget
delegate	ask someone else to do something on one's behalf
evaluate	to assess the value, quality, importance or impact of something
founder	the person who establishes an organisation
governance	the process of overseeing an organisation
hierarchy	a system in which people or things are arranged according to their relative authority and responsibility
integral mission	reaching out to the local community to transform lives materially and spiritually

members	the owners of the organisation who give authority to the board. Not all organisations have members. They are different from board members or members of staff.
mission	what an organisation commits itself to do
monitor	to continuously check something in a structured way in order to measure progress towards objectives
niche	a position that particularly suits an organisation's strengths, which may make the organisation unique
orientation	a process which enables new people to become accustomed to their role. This process may involve training, providing information, and introducing them to their colleagues.
policy	an overall plan, principle or guideline
purpose	what an organisation exists to do
quorum	a fixed number of people needed at a meeting to make the meeting valid
rejuvenation	the process of making something young again or restoring it to its original condition
responsibility	the extent of activities for which someone is accountable
retreat	a period of time spent away from the usual surroundings of life, by an individual or group of people for the purpose of team-building and reflection
review	an occasional assessment of progress towards objectives
stakeholder	a person with an interest in, or concern for, something
strapline	five or six words that describe an organisation, which are usually used on an organisation's letterhead and publications
strategic plan	a document that outlines an organisation's wider objectives for the coming years
surplus	the amount of money left after all expenses have been paid
tactical plan	a document that outlines the projects and programmes that will lead to the fulfilment of an organisation's wider objectives
trustee	another name for a board member
values	what an organisation stands for, which influence the way it acts
vision	what an organisation wants the world to be like in the future

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by Rachel Blackman

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