

Recent trends in nonprofit governance

Durrell Wildlife Conservation Trust
November 2003



Charity boards

- Average size 9 - 10 people
- Small organisation boards getting larger
- Large organisation boards getting smaller
- Meet about 6 times a year
- Skills audits becoming prevalent amongst larger organisations
- Annual performance reviews increasingly common
- Individual performance reviews – the cutting edge

Partners in Leadership

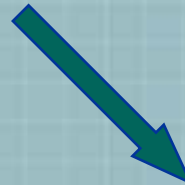
Governance

- Determining policy and strategy
- Appointing and overseeing CEO
- Taking clear decisions
- Monitoring performance
- Providing insight and judgement
- Managing governance processes

Management

- Developing policy and strategy
- Appointing managers and staff
- Implementing Board decisions
- Measuring performance
- Delivering services
- Supporting governance processes

Explicitly separate functions



Concerning work of the organisation

- Determining policy and strategy
- Appointing and overseeing CEO
- Taking clear decisions
- Monitoring performance
- Providing insight, wisdom and judgement

Concerning functions of the board

- Size and composition of board
- Structure of committees
- Decision-making processes
- Recruiting / inducting members
- Training and support
- Succession of Chair



Roles concerning organisation's work

	Backward-looking	Forward-looking
Externally-facing	Organisational performance	Strategic direction
Internally-facing	Holding to account	Ensuring internal controls in place



Creating effective boards requires:

- Recognition that every board is different
- Understanding that many factors contribute to board effectiveness
- Identification of the critical actions needed to increase effectiveness
- Every member to add value at every meeting
- Investment of time in board development



What goes wrong most often?

- **Governance and management are confused**
- **Members have insufficient governance skills**
- **Management takes detail to the board or board dabbles in detail**
- **Board is overloaded with information**
- **Chairs and Chief Executives don't work together effectively**
- **Board is not well serviced**
- **Personal relationships and team work are undervalued**
- **Members and managers don't prepare properly**
- **Governance consumes excessive management time**



Lessons from our experience

- **The right structure is helpful**
- **Good relationships and well managed processes are critical**
- **Clarity about role and how board ‘adds value’ is essential**
- **Boards have a life-cycle - periods of challenge and renewal are healthy**
- **Improving governance - a joint responsibility of management and Board**
- **Continuous investment in board development is essential**
- **Board development has to be ‘owned’ by the Board**



Characteristics of really effective boards

- The critical functions of the board are crystal clear
- Members are chosen for their skills and potential contribution
- Appropriate structures for representation and decision making
- All governance processes are managed tightly
- Board has a creative partnership with the Chief Executive
- Committees do governance work not management tasks
- The board monitors performance of the organisation itself
- The Chair works in close partnership with the CEO

Compass Partnership books:

Managing Without Profit, Mike Hudson, (DSC, 2000) sets out the theory and practice of creating highly successful nonprofit organisations.

Managing at the Leading Edge, Mike Hudson, (DSC, 2003) describes what can be learned from the management and governance of nonprofit organisations in the USA.

Both are available from www.dsc.org.uk

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