

better[®] boards

7th Australasian Better Boards Conference

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MELBOURNE
GOVERNING
IN TURBULENT
TIMES
IDEAS
TO
SOLUTIONS
2013

7th Australasian Better Boards Conference
WITH THANKS TO OUR SUPPORTERS

Message from our CEO's Day Partner:



At Business Events Sydney (BESydney) our role is to promote Sydney and New South Wales (NSW) as business event destinations, identify new event opportunities, and compete with other global cities to secure these events. In doing so, we bring the world's best and brightest minds to our state to connect, collaborate and innovate.

As an independent not-for-profit company, we receive our funding through a partnership between the NSW Government and the private sector. BESydney is one of only a few convention bureaux in the world that offers a full-service approach to business events. Through our global network, we strive to support our clients from first contact to final farewells and beyond, and are committed to ensuring their events in Sydney and NSW are uniquely Australian and truly spectacular.

The ongoing legacies this delivers to our business community and economy are numerous. In the past 10 years alone, BESydney has secured events that have generated an estimated \$1.6 billion in economic impact for NSW.

Beyond pure economic benefits, a strong business event program – comprising the many conferences, congresses, symposia and incentive programs that global destinations bid competitively to host – strengthens Sydney's standing as a global city. Business events attract world leaders to our shores, create opportunities to profile our expertise and share knowledge, and facilitate international collaboration. They are also valuable forums for fostering trade and investment, sparking innovation and fuelling productivity.

To maximise these social and economic benefits across the community, Sydney is creating an iconic, contemporary and versatile meetings precinct that will connect our educational, commercial, creative and multicultural precincts. Above all, it will have the character, dynamism and energy for which Sydney is renowned.

Located in the heart of the city, on the world's largest natural harbour and just 8km from the airport, the International Convention Centre Sydney (ICC Sydney) will open its doors in late 2016.

If you're interested in reading more about the valuable educational, intellectual, trade and investment legacies that business events generate – or how BESydney can help you bring your next event to Sydney - please contact us on 02 9331 4045 or visit www.businesseventssydney.com.au.

Lyn Lewis-Smith
Chief Executive Officer
Business Events Sydney

Conference Supporters:



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Message from the Conference Chair



In our lifetime there has never been and probably never will be such massive reinvention and change of the legislative, policy and funding frameworks in which NFPs strive to deliver their vision and missions.

“Governing in Turbulent Times...Ideas to Solutions”, the title and theme of this year’s 7th Australasian Better Boards Conference, certainly embodies both the sector’s strategic challenges and risks as well as the opportunities and options that are, and will in the next few years, confront boards, CEOs and senior management teams.

Building on the overwhelming success and positive feedback from the Australasian Better Boards Conference in 2012, I am pleased to warmly welcome you to the 7th Australasian Better Boards Conference, held at the Melbourne Convention and Exhibition Centre.

This year’s program brings together an amazing array of keynote speakers and presenters who have been carefully selected to ensure that the ideas, issues and practical solutions they present address the conference theme and most importantly provide conference delegates with the information, tools, resources and contacts they need to lead and govern their organisations through these turbulent times.

Whilst the conference provides the opportunity for personal development, new learnings and networking here in Melbourne, this is also a city of immense cultural diversity, fine dining, exciting entertainment, brilliant sporting venues and events, magnificent accommodation and relaxing parks...not to mention the shopping!

It is with great excitement and enthusiasm I invite you to be part of the 7th Australasian Better Boards Conference and its associated CEO’s Day, Chair’s and Treasurer’s Afternoon and the Gala Dinner at the Melbourne Aquarium. The knowledge and opportunities on offer form a unique conference not to be missed.

I look forward to meeting you, connecting with colleagues and welcoming returning conference participants.

Yours sincerely,

Michael Goldsworthy
Conference Chairman

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Program

CEO'S DAY - FRIDAY 5 JULY

"You don't lead by pointing a finger and telling people some place to go. You lead by going to that place and making a case." Ken Kesey

8:00am Networking Breakfast & Welcome

8:30am CEO's Breakfast Briefing

Championing Development and Growth Through Leadership

Julie White

CEO, Chief Executive Women (CEW) Inc.

9:00am CEO's Concurrent Workshops #1

From Director to CEO – A Personal Journey

Carmel Ackerly

Acting CEO, Australian Institute of Management – Vic & Tas

Managing Government Relations

Alistair Urquhart

Director, Affairs of State

Motivating, Leading and Influencing People

Jenny Gray

CEO, The Team Building Company

It's the Learning, Not the Result that Counts in Evaluation

Randall Pearce

Managing Director, THINK: Insight & Advice

10:00am Morning Tea ~ Room 220

10:30am Plenary Debate

MD or CEO? Should the CEO Be a Voting Member of the Board?

Moderator/Chair:

Gerard Menses, CEO, Make-A-Wish Australia

Speakers:

Sabine Phillips, Principal, Russell Kennedy

Martin Lavery, CEO, Catholic Health Australia

Philip Mayers, Director, Dakin Mayers & Associates

Carmel Ackerly, CEO, Australian Institute of Management – Vic & Tas

11:35am CEO's Concurrent Workshops #2

The Changing Nature of Organisations, Work and Workplaces

Lindsay McMillan

Managing Director, Converge International

How to Kick Start a Social Enterprise

Joanne O'Brien

Partner, Carne Reidy Herd Lawyers

Great Ideas Deserve a Nurturing Culture – Factors to Bring Ideas to Solutions

Ron Mell

CEO, YMCA Australia

The Future – Clear Blue Skies or Dark Stormy Clouds

Mark Sheldon-Stemm

General Manager, Kalyna Care

12:30pm Lunch ~ Room 220

1:30pm CEO's Round Table Discussions

The CEO's Day round table session aims to create an open environment to meet other leaders from the NFP sector and discuss ideas, issues and solutions.

Informal discussions on designated topics will be held at a mix of facilitated and self-directed tables. There will be 4 rotations of 25 minutes each and a list of topics will be displayed on the screen.

3:30pm Afternoon Tea ~ Room 220

4:00pm CEO's Closing Keynote

Leading Through Change

John Fletcher

Chairman, Midas Australia, Former CEO, Coles Myer

4:45pm Final Remarks

5:00pm Close

“As we look ahead into the next century, leaders will be those who empower others.” Bill Gates

Program

CHAIR'S & TREASURER'S WORKSHOPS - FRIDAY 5 JULY

2:30pm Chair's & Treasurer's Welcome

Michael Goldsworthy
Chairman, Better Boards Conference

3:00pm Chair's Workshop #1

Leadership in Turbulent Times

Kevin Larkins
CEO, Leading Australia

3:00pm Treasurer's Workshop #1

Governance and Financial Reporting Considerations in the New World of NFPs and the ACNC

Dr Eva Tsahuridu
Policy Advisor
– Professional Standards & Governance, CPA Australia
Ram Subramanian
Policy Advisor – Reporting & Auditing, CPA Australia

4:05pm Chair's & Treasurer's Afternoon Tea ~ Room 220

4:35pm Chair's Workshop #2

Room to Improve? How to Get Your Meeting Agendas and Minutes Right

Vera Visevic
Partner, Mills Oakley Lawyers

4:35pm Treasurer's Workshop #2

The Treasurer's Challenge – Social Outcomes and Financial Responsibility

Glenn Poole
Executive in Residence, The Australian Centre for Philanthropy and Nonprofit Studies, QUT

5:30pm Final Remarks for Chairs & Treasurers

5:45pm Close

“We’re all working together; that’s the secret.”
Sam Walton, Founder and CEO of Wal-Mart

Program

SATURDAY 6 JULY

9:00am Welcome

9:10am Opening Keynote

Leading on the Edge of Innovation

Dr Nina Terrey
Partner, ThinkPlace

ACNC Governance For Good Guide Launch (2nd edition)

Murray Baird
Assistant Commissioner, General Counsel, ACNC

10:00am Morning Tea ~ Networking Café

10:30am Concurrent Workshops #1

It's Not in the Tea Leaves – It's in the Minutes

Brian Herd
Partner, Carne Reidy Herd Lawyers

Leadership Comes from the Top: The Role of the Nominating Committee in Finding the Right Board Members for Your Organisation

Philip Mayers
Director, Dakin Mayers & Associates

Solving the Dysfunctional Property Asset Dilemma

Russell Martoo
Managing Director, RCP

Cut to F.IT (Using I.T. Governance Standard ISO 38500 in Non-profits)

Hazel Jennings
Principal, Dale Jennings Associates

Financial Reporting to the Board (Less is More)

David Hey-Cunningham
Author, Financial Statements Demystified
Managing Director, David Hey-Cunningham & Associates Pty Ltd

11:40am Concurrent Workshops #2

The Emotionally Intelligent Director

Robert Gordon
Director of Programs, Board Accord

Preparing for the ACNC Review – Practical Tips and Solutions

James Beck
Managing Director, Effective Governance Pty Ltd

CEO Appraisal – The Good, the Bad, the Ugly

Sallie Saunders
Director & Principal Consultant, Building Better Boards Pty Ltd

Governing in Turbulent Times... Strategies to Secure Your Organisation's Future

Michael Goldsworthy
Principal Consultant, Australian Strategic Services

Let's Ask for Money: How Governance Matters to Funders

Ron Scott
CEO, Stellaris Ltd

12:40pm Lunch ~ Networking Café

1:45pm Plenary Debate

Board Remuneration: To Pay, or Not to Pay?

Moderator/Chair:

Victor Harcourt, Principal, Russell Kennedy

Speakers:

Cynthia Payne, CEO, SummitCare (Australia)
Brian Herd, Partner, Carne Reidy Herd Lawyers
Christine Jones, Director, Steps Group Australia
Dean Phelan, CEO, Churches of Christ in Queensland

3:00pm Afternoon Tea ~ Networking Café

Program

SATURDAY 6 JULY

*“People often say that motivation doesn’t last.
Well, neither does bathing – that’s why we
recommend it daily.”* Zig Ziglar

3:30pm Concurrent Workshops #3

Generation ‘Y’ in the Boardroom

Chris O’Neill

General Manager, BATS Theatre

Board Member, Arts Wellington

One or Two: Ensuring Director Contributions to Organisational Outcomes in Two Tiered Governance Structures

Martin Lavery

CEO, Catholic Health Australia

Chair, National Heart Foundation (NSW)

How I Learned to Stop Worrying and Love the Risk

Trent Dean

Director - Assurance Services Division,

Churches of Christ in Queensland

Sharing the Load of “Board Business” to Improve Board Practice

Morri Young

Managing Director, Matrix on Board

Disaster and Crisis: Dilemmas and Challenges for Boards

Michael Tarrant

Assistant Director, Education, Training & Research

Australian Emergency Management Institute

4:30pm Presentations Conclude

7:30pm Dinner at Melbourne Aquarium

(Separately ticketed)

Enjoy a unique dinner experience at the Melbourne Aquarium and some hearty laughs served up by comedian Dean Atkinson.

The Melbourne Aquarium is an easy 10-12 minute stroll along the Yarra River from the Melbourne Convention Centre.

10:30pm Dinner Concludes

Program

SUNDAY 7 JULY

“Opportunity is missed by most people because it is dressed in overalls and looks like work.”
Thomas Edison

9:00am Welcome

9:10am Keynote Presentations

Governance for Good: The Lowest Common Denominator?

Murray Baird
Assistant Commissioner, General Counsel, ACNC

Renovating a Legacy: Creating New Models of Financing for Charitable Foundations

Teresa Zolnierkiewicz
Head of Philanthropy, ANZ Global Wealth & Private Banking

10:10am Morning Tea ~ Networking Café

10:40am Concurrent Workshops #4

Managing the Board's Relationship with Government

Alistair Urquhart
Managing Director, Affairs of State

A Practical Framework for Director Recruitment

Chris Franks
Chair, Habitat for Humanity Australia

Board Complexities and the (dis)Engagement of Financial Data

Adele Johns
Executive Officer, Community Compass Inc.

The ACNC Governance and External Conduct Requirements: What they Mean for Not-for-profit Boards

Mark Fowler
Director, Neumann & Turnour Lawyers

“But I Thought We Were Partners?!” Challenges, Risks & Realities of “Partnering”, “Sharing”, & “Collaborating”

Victor Hamit
Director, Wentworth Lawyers Pty Ltd

11:45am Concurrent Workshops #5

Writing Our Own Roadmap: A Case Study of a 15-year Strategic Plan

Ruth Pitt
President (Board Chair), YWCA of Canberra
Jo Allebone
Vice President, YWCA of Canberra

Boardroom Evaluation – If Not, Why Not?

Robert Gordon
Director of Programs, Board Accord

Journeying with a Board Coach

Paul Grogan
Managing Director, MDO Consulting

Renovating a Legacy: The Miller Estate, Traps, Lessons and Positive Outcomes

Teresa Zolnierkiewicz
Head of Philanthropy,
ANZ Global Wealth & Private Banking

New Directions in Directing

Peter Tunjic
Commercial Advocate & Lawyer, Thoughtpost Legal

12:45pm Lunch ~ Networking Café

1:45pm Plenary Presentation

The Royals; Critical Success Factors Speakers:

Justin Scarr,
CEO, Royal Life Saving Society
Hon. Robyn Kippenberger,
National CEO, Royal New Zealand SPCA

“Innovation distinguishes between a leader and a follower.” Steve Jobs

Program

SUNDAY 7 JULY

3:00pm Closing Keynote

Innovation – Unlocking the Future

David Miles
Chair, Innovation Australia



Jackie Furey
Conference MC
Director
Bedrooms to Boardrooms

3:30pm Final Remarks

3:45pm Conference Close

Jackie Furey is renowned worldwide for empowering people in business to achieve both success and significance from life, love and work. As the director of her company Bedrooms to Boardrooms, she has travelled to 30 major cities in the past 7 years. Jackie is recognised as one of our country's leading psychotherapists. She is regularly sought for her opinion on talkback radio and has her own show commencing in October on the Australian Radio Network. Jackie believes from the bedroom to the boardroom – life is all about relationships.

Had a great conference? We hope to see you again next year.

So many great workshops, but you wanted to get round to more of them? Bring the whole board along next year, you can cover more sessions and they'll appreciate the networking opportunities.

We can help as well. All Better Boards Mentor members get access to the recorded workshop sessions in the months after the conference.

It's great value knowledge on-tap that you and your board can access from anywhere with a net connection. And there's heaps more than the conference workshops, you'll find helpful articles, videos, research and be able to connect to other board members, CEOs and consultants.

You can join today at the conference, or online at www.betterboards.tv

As another benefit, all Better Boards Mentor members get access to Better Boards conference tickets at a member's discount.

That's great news, because sometimes being there in person can make all the difference.



Conference Features

NETWORKING CAFÉ

The Networking Café has been created for you to take a break, refresh, refuel and make connections.

The Better Boards Conference is an excellent meeting place to make high quality connections in the NFP world, and we want to help make this happen for you.

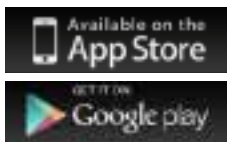
WHAT'S THE DEAL WITH THE BIZZABO APP?

The Bizzabo App helps you arrange face to face meetings.

We have chosen to enable it at the Better Boards Conference because we believe it will make a big difference to those who wish to connect with other delegates.

CONNECT TO DELEGATES WITH YOUR SMARTPHONE AND BIZZABO IN 3 EASY STEPS:

- 1 Download.** Go to www.bizzabo.com (or search for Bizzabo in the App Store) and download the Bizzabo app.
- 2 Search.** Look up "Better Boards Conference" in the search field.
- 3 Join.** Better Boards Conference.



Type "Better Boards Conference"



You can connect to the community via your Linked In account.

Click here to update or edit your visible profile and contact details.

Click to join

Using Bizzabo at the Better Boards Conference will enable you to:

- Find out who else is at the event
- Interact with other attendees
- Set up face to face meetings on the spot
- Integrate with Twitter
- Integrate with LinkedIn to keep in touch with your new connections.

ORIENTATION

"Home" screen

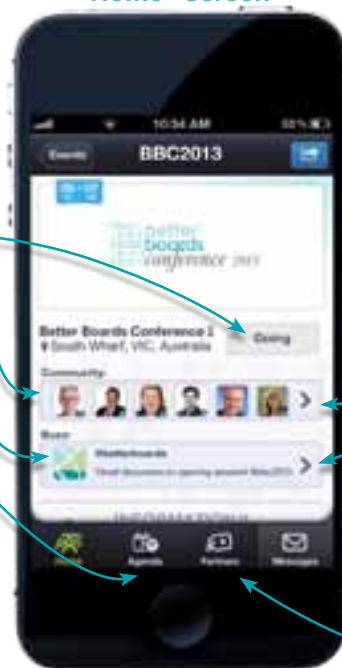
Home screen content includes:

- Venue address
- Your attendance status
- View connected delegates
- View tweets that include the #BBC2013 twitter handle
- Location Map

Menu tabs:

- Home
- Agenda (session details)
- Partners (info and contacts)
- Messages (connect with others)

Note: Scroll to bottom of the home page and click 'leave community' if you wish to remove yourself from App.

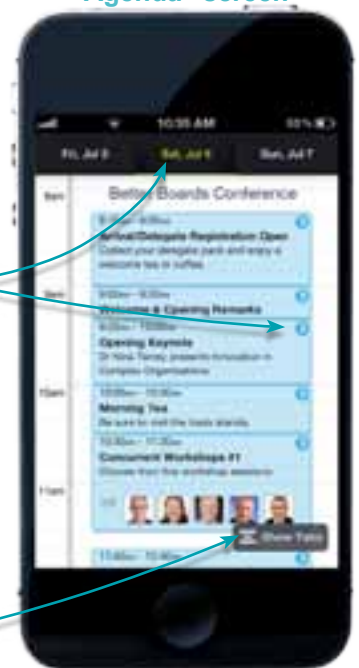


Scroll up and down to view all information on the page.

Click on the tabs to view content in further detail.

On the 'Agenda' Screen, click on the grey box to bring back the main menu tabs at the bottom of the screen.

"Agenda" screen



NEED HELP?

Visit the conference information desk, and a Better Boards staff member will see if they can help. Or you could have a chat to a fellow delegate who looks like they've got it mastered.

Improve Your Conference Experience?

A GUIDE FROM BETTER BOARDS AUSTRALASIA

10 Ways to Get the Most Out of Your Conference Experience

Below are some tips and tricks for getting the most out of your conference experience. Some of these have been gathered from past delegate feedback and others are just a reminder of some of the basics. With any luck some of them will make you think and encourage you to really flex your learning muscles and capitalise on everything that the conference has to offer.

- 1 Attend with a positive and enthusiastic mindset. Know what you want to get out of the event and be prepared and open to being challenged and learning new ideas. Attend presentations on topics that are unfamiliar to you.
- 2 Participate as much as you can and listen actively. Ask questions!
- 3 Take notes productively. Record ideas and observations in a way that will encourage you to return to your notes and plan for the future. The action part of “ideas to solutions” will be driven by delegates and their actions post-conference.
- 4 Prepare beforehand and plan your time. Look up the conference agenda and select appropriate workshops. Choose speakers that you would like to meet and be sure to arrive early at their presentations.
- 5 Take every opportunity to network with other delegates and speakers. Use the Bizzabo app to connect and interact with other delegates before and during the event. Integrate the app with LinkedIn and Twitter to keep in touch with new contacts. Don't spend all of your time with your colleagues – try to make new contacts and connections. Plan future meetings or discussions with delegates you've met and had fruitful conversations.
- 6 Check out the trade exhibitions. They will give you the opportunity to look at or try out products in person and talk to staff and ask questions. They may also have special prices/offers available at the conference.
- 7 Attend with a colleague if possible so that you can share and discuss ideas together and attend different workshops if interesting ones conflict. If this is not possible, share what you learnt with other colleagues at work or your next board meeting.
- 8 Ask for help. If you don't know what's on next, or where you're supposed to be, or you have lost your conference guide or other personal belongings – ask a member of staff for help. Their job is to make sure you get the most out of the conference and they are ready to do what they can to help you out.
- 9 Decide what type of conference-goer you're going to be. Is it more important to attend every possible session (or even switch between sessions to be sure you've chosen wisely)? Or are you going to be more focused on taking the chance to make connections and contacts even if it means missing some sessions?
- 10 Fill out the evaluation forms. If you're a regular attendee of the conference, you will benefit from any improvements that the organisers make as a result of this and if you really enjoyed the conference then it might be nice to share that with them.

Speakers & Presentation Abstracts

LISTED ALPHABETICALLY (BY LAST NAME)



Carmel Ackerly
Acting CEO
Australian Institute of
Management – VIC & TAS

Friday 9:00am | From Director to CEO – A Personal Journey

C

This presentation will consider the different communication perspectives and information flows that exist between board directors and CEOs. The landscape of NFPs changes rapidly and the governance environment can be tumultuous – Carmel will offer advice on how effective communication skills can be key in guiding this flow of information. Carmel will draw on her own experience in both of these roles and offer practical tips for delegates.

Friday 10:30am | MD or CEO: Should the CEO Be a Voting Member of the Board?

C D

Carmel joins this plenary debate session that will explore the argument surrounding whether a CEO of a NFP organisation should be a voting member of the board.



Joanna Allebone
Vice President
YWCA Canberra

Sunday 11:45am | Writing Our Own Road Map: A Case Study of a 15-year Strategic Plan

CS

Joanna will co-present this workshop with Ruth Pitt (pg18).



Murray Baird
Assistant Commissioner
(General Counsel),
Australian Charities and
Not-for-Profits Commission (ACNC)

Sunday 9:10am | Governance For Good: The Lowest Common Denominator

K

The ACNC has recently published governance standards that must be met by Australian charities. Murray's session will address these standards and what charitable organisations will need to do in order to comply with these standards.

- Murray will also launch version 2 of the ACNC's **Governance for Good Guide** during the opening session on Saturday.



James Beck
Managing Director
Effective Governance

Saturday 11:40am | Preparing for the ACNC Governance Review – Practical Tips and Solutions

From 1 July 2013, it is expected that all registered charities will need to meet governance standards which will be extended to other types of NFPs in future years. James will offer leading practice guidance based on the Corporate Governance Practice Framework and experience gained as a governance adviser. Delegates will obtain practical tips for NFP boards to both prepare for the ACNC's requirements and enhance their governance practices.



Trent Dean
Director – Assurance Services
Division
Churches of Christ in Queensland

Saturday 3:30pm | How I Learned to Stop Worrying and Love the Risk

CS

Following a significant organisational restructure, Churches of Christ in Queensland, implemented an innovative governance structure that merged the functions of Risk Management, Internal Audit and Quality Improvement into one department. This approach resulted in the development of an effective model that integrated internal audit and quality improvement into the risk management process. This presentation is for NFP leaders wishing to enhance their existing risk management framework.







John Fletcher
Chairman
Midas Australia

Friday 4:00pm | Leading Through Change

C K

John Fletcher's presentation will address leadership of organisations – especially through change. He will outline key principles that are applicable to all organisations, big or small. The objective of his presentation is to provide participants with an understanding that the standards and values of an organisation's leader essentially determine the outcomes for that organisation.

-  CEO's Day presentation
-  Chair's Afternoon workshop
-  Treasurer's Afternoon workshop
-  Keynote presentation

-  Research
-  Case Study
-  Debate
-  Tools



Mark Fowler
Director
Neumann & Turnour Lawyers

Sunday 10:40am | The ACNC Governance and External Conduct Requirements: What they Mean for Not-for-Profit Boards



Mark will discuss the potential pitfalls for board members and their organisations arising from the ACNC legislation and its attendant governance and external conduct standards. Mark will examine what the governance standards may mean for boards in ensuring compliance by their organisation, with a particular focus on religious entities. He will also provide practical tips on compliance and use a case study to illustrate how a board might address the governance standards.



Chris Franks
Chair
Habitat for Humanity

Sunday 10:40am | A Practical Framework for Director Recruitment



Recruiting directors with the right values, skill, experience and commitment is one of the key responsibilities and most important tasks of a board. This case study will outline the framework, key steps and tools that Habitat for Humanity Australia has developed and used successfully to select new directors as well as some of the challenges and pitfalls encountered.



Jackie Furey
Director
Bedrooms to Boardrooms

Conference MC

Jackie believes that from the bedroom to the boardroom – life is all about relationships. We are thrilled to have Jackie at this year's conference.



Michael Goldsworthy
Principal Consultant
Australian Strategic Services

Saturday 11:40am | Governing in Turbulent Times... Strategies to Secure Your Organisation's Future

NFPs and their industries/sectors are currently undergoing unprecedented change. For boards, CEOs and senior management teams, turbulent times heighten the need for focused leadership, robust strategic thinking and the adoption of a customer/market mentality and approach. Join Michael for a powerful, insightful and practical journey through the strategic considerations and strategies that leaders should be putting in place as they "govern in turbulent times".



Robert Gordon
Director of Programs
Board Accord

Saturday 11:40am | The Emotionally Intelligent Director

Emotional intelligence (EQ) is an indispensable attribute of an elite chair, director or CEO. Two of the biggest issues separating functional and dysfunctional boardrooms are: not understanding the emotional issues and poor communication capability. This presentation will include practical recommendations for delegates to enhance their EQ capability.

Sunday 11:45am | Boardroom Evaluation: If Not, Why Not?



This presentation will consider the major developments in the review process over the last decade. It will also cover how the review process can empower leaders to successfully confront challenges in an increasingly complex environment. Robert will present case studies to profile approaches used, difficulties encountered, outcomes achieved and lessons learned.

Speakers & Presentation Abstracts

LISTED ALPHABETICALLY (BY LAST NAME)



Jenny Gray
CEO
Team Building Company NZ

Friday 9:00am | Motivating, Leading and Influencing People

C

Building leaders at all levels in an organisation is essential for long-term capability and sustainability. In today's changing and challenging environment it is important for organisations to put time, energy and focus into building confident and capable leaders who understand the importance of being proactive rather than reactive. This interactive presentation will provide delegates with the essential principles of leadership and creating a clear and achievable leadership vision.



Paul Grogan
Managing Director
MDO Consulting

Sunday 11:45am | Journeying with a Board Coach

CS

After attending a governance conference, the CEO of the Australian Newsagent's Federation contracted a board coach to support his board on a 12-month journey. This case study looks at what was achieved in this process and what recommendations there are for others considering a similar approach to helping their boards develop 'fit for purpose' solutions.



Victor Hamit
Director
Wentworth Lawyers

Sunday 10:40am | "But I thought We Were Partners?!" Challenges, Risks & Realities of "Partnering", "Sharing" and "Collaborating"

This session proposes to provide an overview of the legal issues when moving from an idea to the practical realities of "partnering", "sharing" and "collaborating" arrangements. The session will canvas the issues involved and any pitfalls to avoid.



Victor Harcourt
Principal
Russell Kennedy

Saturday 1:45pm | Board Remuneration: To Pay or Not To Pay?

D

Victor will moderate this plenary debate that will explore the topic of board remuneration in NFP organisations.



Brian Herd
Partner
Carne Reidy Herd Lawyers

Saturday 10:30am | It's Not in the Tea Leaves – It's in the Minutes

The humble Board Agenda and its progeny, the Minutes are often assigned to a spring back folder and buried on a shelf somewhere. There is little appreciation at board level of the marketing power of these documents. Brian will examine the principles of a good agenda and minutes leaving attendees with new respect for the importance of these documents in painting an organisation, not just in retrospect, but in prospect.

Saturday 1:45pm | Board Remuneration: To Pay or Not To Pay?

D

Hear Brian's case in this plenary debate session that will explore the topic of board remuneration in non-profit organisations.



David Hey-Cunningham
Managing Director
David Hey-Cunningham & Associates Pty Ltd

Saturday 10:30am | Financial Reporting to the Board (Less is More)

This presentation will assist directors in meeting their obligations under the Corporations Act regarding financial statements reporting and provide ideas for improving financial reporting to the board. David will offer an overview of directors' duties and assess the link between reporting, the board and strategy. The presentation will also cover forward and historic financial information and the importance of obtaining a perspective over time.

- C CEO's Day presentation
- C Chair's Afternoon workshop
- T Treasurer's Afternoon workshop
- K Keynote presentation

- R Research
- CS Case Study
- D Debate
- To Tools



Hazel Jennings
Principal
Dale Jennings Associates Ltd

Saturday 10:30am | Cut to F.IT (Using Governance Standard ISO 38500 in Non-profits)

To

In 2008 the ISO/IEC 38500 international standard for corporate governance of Information Technology was published. This presentation will demonstrate how ISO/IEC38500 can be applied sustainably to more tightly constrained or smaller non-profits. Using examples from other organisations, participants will be able to start "cutting down" the standard to fit their circumstances. All delegates will receive a "ready reckoner" handout.



Adele Johns
Executive Officer
Community Compass Inc.
PhD Candidate,
University of South Australia

Sunday 10:40am | Board Complexities and the (dis) Engagement of Financial Data

R To

The purpose of this workshop is to provide insights into boards' engagement or (dis) engagement in financial management practices. Many board members lack the confidence to ask appropriate questions regarding financial matters due to their limited understanding or for fear of treading on toes. Adele will offer practical solutions and take-home tips and tricks for generating meaningful and engaging financial data to support effective decision making in not-for-profits.



Christine Jones
Director
Steps Group Australia

Saturday 1:45pm | Board Remuneration: To Pay or Not To Pay?

D

Christine will take part in this plenary debate session that will explore the topic of board remuneration in NFP organisations.



Hon. Robyn Kippenberger
National Chief Executive
Royal NZ SPCA

Sunday 1:45pm | The Royals; Critical Success Factors

As part of our "The Royals; Critical Success Factors" panel Robyn will present on the RNZSPCA's role in animal cruelty prevention in New Zealand. To prevent animal cruelty, the RNZSPCA has to change the behaviours of people. Using education, enforcement and engagement with the community, the organisation has made real progress in both improving animal welfare and the profile of the Society. By focusing on their mission statement, they have initiated programs that are changing the way people view their responsibilities towards animals. Always asking the hard question, "is this our core business?", they have concentrated on working effectively into communities throughout the country to future proof animal welfare in New Zealand.



Kevin Larkins
CEO
Leading Australia

Friday 3:00pm | Leadership in Turbulent Times

C

Utilising the model of "*Be Do Have*" this session for chairs will engage participants in experiencing who they need to *be* as board chairs to *do* what is required to *have* the results they aspire to. Kevin will explore some common boardroom challenges and question the prevailing thinking around leadership in times of change. Kevin's belief that the boardroom can infect or inspire an organisation will underlie the discussion in the session.

Speakers & Presentation Abstracts

LISTED ALPHABETICALLY (BY LAST NAME)



Martin Lavery
CEO, Catholic Health Australia
Chair, National Heart Foundation (NSW)
PhD Candidate, Business School,
University of New England

Saturday 3:30pm | One or Two: Ensuring Director Contributions to Organisational Outcomes in Two Tiered Governance Structures



Australian company and association law as well as director education is based around a board of directors overseeing an organisation's governance. Yet many NFP organisations, particularly church and charitable organisations, operate within two tiered governance structures. This presentation will detail findings of academic literature describing what actions NFP directors within two tiered board structures can take to ensure they are best able to contribute to the outcomes of their organisation.

Friday 10:30am | MD or CEO: Should the CEO Be a Voting Member of the Board?



Martin joins this plenary debate session that will explore the argument surrounding whether a CEO of a NFP organisation should be a voting member of the board.



Russell Martoo
Managing Director
RCP

Saturday 10:30am | Solving the Dysfunctional Property Asset Dilemma



The accumulation of assets by NFPs usually occurs through historical factors such as acquisition by church and state or gifts from philanthropic benefactors. A rich property asset base might be enviable, but NFPs can be encumbered by assets that do not support their core business, affecting growth and draining organisational resources. In this presentation Russell will outline key strategies that can be used to analyse and manage a property portfolio.



Philip Mayers
Director
Dakin Mayers & Associates

Saturday 10:30am | Leadership Comes from the Top: The Role of the Nominating Committee in Finding the Right Board Members for Your Organisation

Many organisations have experienced difficulties recruiting new board members, and know the problems that arise from poor board appointments. One of the key responsibilities of any board is providing succession to ensure the sustainability of leadership. Current methods of selecting board members are not always well conceived, and can perpetuate existing flaws. This presentation will systematically address issues surrounding board recruitment as we lead our organisations into the unknown future.

Friday 10:30am | MD or CEO: Should the CEO Be a Voting Member of the Board?



Hear Philip in this plenary debate that will explore the argument surrounding whether a CEO of a NFP organisation should be a voting member of the board.



Lindsay McMillan
CEO
Converge International

Friday 11:35am | The Changing Nature of Organisations, Work and Workplaces



The way we work creates dilemmas. From the agricultural age we are now moving headlong into the knowledge/service/care age. There are six forces shaping the way we work: demographics, social trends, technology, environmental, globalisation and expectations. This presentation will consider how we can manage culture and build a resilient workforce. Lindsay will seek to demonstrate how boards and CEOs can use leadership to get organisations used to operating differently.

- C** CEO's Day presentation
- C** Chair's Afternoon workshop
- T** Treasurer's Afternoon workshop
- K** Keynote presentation

- R** Research
- CS** Case Study
- D** Debate
- To** Tools



Ron Mell
Chief Executive Officer
YMCA Australia

Friday 11:35am | Great Ideas Deserve a Nurturing Culture – Factors to Bring Ideas to Solutions **C**

Structure is not enough! This presentation will provide an understanding of the 'soft' elements within a governance model which are essential to allowing creativity and ideas to flourish, but remaining within strong risk management and governance processes. Organisational culture, a measured appetite for risk and healthy CEO/Board relationships are essential factors in nurturing ideas into solutions. Ron will also draw on examples from the Australian YMCA movement.



Joanne O'Brien
Partner
Carne Reidy Herd Lawyers

Friday 11:35am | How to Kick Start a Social Enterprise **C**

Many NFP organisations are looking to social enterprise as a way to reduce their reliance on government funding. This presentation will provide an insight into the key legal and regulatory issues, how to structure your enterprise, how to maintain focus on core objectives and practical advice on sourcing seed funding. Attendees will gain an insight into how to lay the foundations for the commercial success and sustainability of social enterprises.



Gerard Menses
Chief Executive Officer
Make-A-Wish Australia

Friday 10:30am | MD or CEO: Should the CEO Be a Voting Member of the Board? **C D**

Gerard will moderate this plenary debate session that will explore the arguments surrounding whether a CEO of a NFP organisation should be a voting member of the board.



Chris O'Neill
Board Member, Arts Wellington
General Manager, BATS Theatre

Saturday 3:30pm | Generation 'Y' In the Boardroom

Many boards recognise that they need greater diversity in their board members. The attraction and retention of Generation Y (Gen Y) individuals into governance positions is critical to organisations remaining vital and relevant. In this presentation Chris will identify key challenges relating to board diversity and outline clear actionable strategies for recruiting and retaining Gen Y board members as well as building effective working relationships with Gen Y board members.



David Miles
Chair
Innovation Australia

Sunday 3:00pm | Innovation – Unlocking the Future **K**

Not-for-profits are created because someone thinks it is a good idea. But the critical question for directors is, "Is it still a good idea?" And if it is still a good idea, is there a different or better way of doing things to achieve better outcomes? By working smarter, with a constant eye for new ideas and their application, you will be able to find new ways of delivering services.



Cynthia Payne
Chief Executive Officer
Summit Care (Australia)

Saturday 1:45pm | Board Remuneration: To Pay or Not To Pay? **D**

Cynthia will take part in this plenary debate session that will explore the topic of board remuneration in NFP organisations.

Speakers & Presentation Abstracts

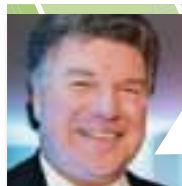
LISTED ALPHABETICALLY (BY LAST NAME)



Randall Pearce
Managing Director
THINK: Insight & Advice

Friday 9:00am | It's the Learning, Not the Result, that Counts in Evaluation C

Governments and other funders are increasingly asking that NFP organisations measure the impact of their programs and services through evaluation. Based on numerous evaluation studies drawn from policy areas ranging from the environment to the arts, this presentation will demonstrate the many side-benefits of independent evaluation. Using real world examples Randall will help participants learn how to use evaluation studies for a broad range of purposes.



Dean Phelan
Chief Executive Officer
Churches of Christ in Queensland

Saturday 1:45pm | Board Remuneration: To Pay or Not To Pay? D

Hear Dean in this plenary debate session that will explore the topic of board remuneration in NFP organisations.



Sabine Phillips
Principal
Russell Kennedy

Friday 10:30am | MD or CEO: Should the CEO Be a Voting Member of the Board? C D

Sabine will take part in this plenary debate that will explore the argument surrounding whether a CEO of a NFP organisation should be a voting member of the board.



Ruth Pitt
President (Board Chair)
YWCA Canberra

Sunday 11:45am | Writing Our Own Roadmap: A Case Study of a 15-year Strategic Plan CS

Hear about the experiences of the YWCA of Canberra in developing and implementing a long-term strategic plan. This presentation will explore the benefits and challenges of this long-term approach, providing a thought-provoking insight into what it has meant in practice for the YWCA of Canberra. It will provide ideas for other organisations wanting to set their own course despite the dynamic nature of the current NFP environment.



Glenn Poole
Executive in Residence
Australian Centre for Philanthropy
and NonProfit Studies (QUT)

Friday 4:35pm | The Treasurer's Challenge – Social Outcomes & Financial Responsibility T

Thankfully treasurers are usually appointed because of their financial skills. However, a new treasurer may find that they are surrounded by people who are firmly focused on the social outcomes being pursued by the organisation, and not so focused on financial capacity and accountability. This session will stimulate discussion on the role of the treasurer and the attributes that assist organisations to achieve their social outcomes while maintaining financial responsibility.



Sallie Saunders
Director & Principal Consultant
Building Better Boards Pty Ltd

Saturday 11:40am | CEO Appraisal – The Good, the Bad and the Ugly

The review of the CEO's performance is a critical responsibility of the board in fulfilling its stewardship role of the organisation. Sadly, many board members avoid the issue altogether and miss the opportunity to foster a collaborative, professional relationship between the CEO and the Board. This workshop will explore some key questions and develop, with participants, recommendations for action in organisations of varying sizes and resources.

- C CEO's Day presentation
- C Chair's Afternoon workshop
- T Treasurer's Afternoon workshop
- K Keynote presentation

- R Research
- CS Case Study
- D Debate
- To Tools



Justin Scarr
Chief Executive Officer
Royal Life Saving Society
Australia

Sunday 1:45pm |
The Royals; Critical Success Factors

The Royal Life Saving Society – Australia was founded in 1894 in New South Wales with an important mission of saving people in distress in the water. In the past, it focused on education and life saving patrols. Today it operates as a federation of members across the country with increasing focus on the science of drowning prevention, and efforts to understand the epidemiology of drowning. Justin will outline the success factors that govern, support and sustain this vibrant organisation.



Ron Scott
Chief Executive Officer
Stellaris Ltd

Saturday 11:40am | Let's ask for Money:
How Governance Matters to Funders

To

This workshop will explore criteria that grant-makers and funding agencies use to assess the quality of governance in an organisation before entrusting their funds to that organisation. These criteria often take precedence over the quality of the project itself. By the end of this interactive session delegates will have clear action points and the tools to evaluate how well their governance framework appeals to funding agencies and grant-makers.



Mark Sheldon-Stemm
General Manager
Kalyna Care

Friday 11:35am | The Future – Clear Blue Skies or
Dark Stormy Clouds

To

The future may seem uncertain and unclear, but with some foresight tools to help, you can see into the future and make decisions based on where you want to go. Mark's presentation will be highly interactive and participants will come away from the session with some new tools and ideas on how they might apply these principles in their organisations and create their future.



Ram Subramanian
Policy Advisor,
Reporting & Auditing
CPA Australia

Friday 3:00pm |
Governance and Financial Reporting Considerations
in the New World of NFPs and the ACNC

T

Ram will co-present this workshop with Eva Tsahuridu (pg20).



Michael Tarrant
Assistant Director, Education
Training and Research
Australian Emergency Management
Institute

Saturday 3:30pm | Disaster and Crisis:
Dilemmas and Challenges for Boards

To

The aim of this workshop is to enhance the capability of the board to deal with complex and rapid change generated by disasters and crises. It is vital for the board to look for opportunities and manage exposure to threats in these situations. This workshop will provide participants with insights into the nature of these events and tools to help boards cope with the challenges generated in a crisis.



Nina Terrey
Partner
ThinkPlace

Saturday 9:10am |
Leading on the Edge of Innovation

K

Nina will open discussion for the weekend by examining the role of design and innovation in complex organisations. Nina is an expert on driving human-centred strategies to solve complex problems and championing innovation in complex organisations. Nina and ThinkPlace have worked with many of Australia and New Zealand's largest and most complex organisations. Nina will deliver an insightful keynote that will not only inspire delegates to revolutionise their organisations, but also provide practical strategies they can implement to embed innovation from the boardroom down.

Speakers & Presentation Abstracts

LISTED ALPHABETICALLY (BY LAST NAME)



Eva Tsahuridu
Policy Advisor, Professional
Standards & Governance
CPA Australia

Friday 3:00pm | **Governance and Financial Reporting Considerations in the New World of NFPs and the ACNC** T

This workshop will focus on the regulatory developments and their implications for treasurers in the NFP sector. Treasurers play a key role in the provision of information that enhances the public's trust and demonstrates transparency, as well as appropriateness and achievement of purpose. The key requirements resulting from the newly introduced governance standards and financial reporting requirements, including the annual information statements, will be addressed together with examples.



Peter Tunjic
Commercial Advocate & Lawyer
Thoughtpost Legal

Sunday 11:45am | **New Directions in Directing**

Directorship is the alternative to corporate governance. Directorship is founded on the principle of corporate sovereignty – the belief that an organisation is a separate legal person with the primary objective of becoming strong, enduring and resilient under the hand of the board. This presentation will take attendees through 11 steps designed to help them decide whether directorship might be better than the alternatives.



Alistair Urquhart
Managing Director
Affairs of State

Friday 9:00am | **Managing Government Relations** C

Most NFPs will have funding, regulatory and perhaps other relationships with government. Take a positive view to these relationships. Develop the appropriate personal connections (you and others in your team) with these federal, state and local public servants and perhaps a local parliamentarian! Things can go wrong one way or the other and you're in it for the long haul, so you want to be prepared.

Sunday 10:40am | **Managing the Board's Relationship with Government**

Although it is the CEO's responsibility to develop relationships with the various government departments alongside which their NFP works on a day-to-day basis, board members might find that they need to step in from time to time if they have applicable connections or knowledge. In this workshop, Alistair will address the importance of robust communication between the board and the CEO in growing an NFP's relationship with government.



Vera Visevic
Partner – Not-for-Profit
Mills Oakley Lawyers

Friday 4:35pm | **Room to Improve? How to Get Your Meeting Agendas and Minutes Right** C

All board members and CEOs are required to deal with agendas and minutes, but until now, their importance has generally not been a key focus. Recent cases in the courts have demonstrated an increasing trend of holding company directors accountable for the actions of a company. The aim of the session is for board chairs to walk away more confident and better equipped in their knowledge of how to prepare meeting agendas and minutes.

- C CEO's Day presentation
- C Chair's Afternoon workshop
- T Treasurer's Afternoon workshop
- K Keynote presentation

- R Research
- CS Case Study
- D Debate
- To Tools



Julie White
Chief Executive Officer
Chief Executive Women (CEW)

Friday 8:30am | Championing Development and Growth Through Leadership

C K

Julie's presentation at our CEO's Day networking breakfast will be an informal discussion of growth and leadership. She will champion development and growth – both personal and organisational – through leadership. Julie will share her experiences and insights from 30 years in both the NFP and corporate sectors. This presentation will invigorate delegates and inspire them to re-affirm or re-examine their approach to leadership.



Morri Young
Managing Director
Matrix On Board

Saturday 3:30pm | Sharing the Load of "Board Business" to Improve Board Practice

Morri will address how boards can find much needed assistance to meet obligations. Rather than cajoling reluctant directors from a decreasing pool by offering high-risk and no reward "board opportunities", NFP organisations can use corporations law and their constitutions to engage outside help. Turbo-boosting the roles of Hon. Secretary, Public Officer and "Visitor" as well as emerging roles such as Governance Manager can help share the load of board duties.



Teresa Zolnierkiewicz
Head of Philanthropy
ANZ Global Wealth & Private Banking

Sunday 9:40am | Renovating a Legacy: New Models of Financing for Charitable Foundations

K CS

This case study presentation demonstrates a new model of financing for charities. The new model is a partnership between a charitable foundation (leveraging/utilising assets), an operating charity (providing services) and government (delivering development capital). This case study highlights the courage that is needed at board level to contemplate change and the mutual benefits of partnering with like-minded organisations. Teresa will also propose how the model may be replicated and/or developed.

Sunday 11:45am | Renovating a Legacy: The Miller Estate, Traps, Lessons and Positive Outcomes

CS

Teresa's workshop will consider further the case study introduced in her keynote presentation. The new model for financing she proposes will provide a framework for delegates to think outside the box and find new ways to source funding for desired initiatives and/or manage risk. It also demonstrates that as resources and funding are squeezed, creativity comes to the fore. Teresa will highlight the traps, lessons and positive outcomes of the case study.

Property Portfolio Dilemmas Faced by CEOs

PROPERTY ASSETS | RUSSELL MARTOO

Of the many challenges faced by a CEO, including resourcing, staff, clients, regulations, technology and finance, the property portfolio of a non-profit organisation is typically viewed as something that is static and therefore seldom proactively managed until a major issue develops.

CEOs from the non-profit sector find that most issues arise from having a disparate property base accumulated through circumstance or allocation, rather than planned development. Hence, many problems stem from legacy or historic reasons that have simply not been adequately addressed in the past.

Frequently, the non-profit organisation does not address these issues because the usual commercial triggers do not apply. For example, a lease expiry or renewal that occurs in a rental building is not applicable for freehold properties. Or there is often a strong cultural attachment from the organisation to a particular location and premises for historical reasons that may no longer have purposeful meaning but remain a barrier for change.

A unique characteristic of the non-profit company is the accumulation of property assets over time either through bequests and donations, philanthropic acts, amalgamations or from earlier service models which utilised a large number of properties across a range of tenures that may include freehold and a Deed of Grant in Trust and other leases. The net result for the organisation and its CEO is operating in a fragmented capacity out of multiple smaller locations or consolidating into legacy premises that are now poorly adapted for their current use, for example utilising a school classroom as an administration office.

A financial downside of operating in a range of legacy buildings owned by the organisation is either regularly deferring maintenance or expending money on the cost of adaption and maintenance of what are fundamentally inappropriate buildings, often in poorly serviced locations. This means that the real cost of the property's inefficiencies are lost in the 'miscellaneous overheads' column in the accounts, and there is no transparency

of the real cost of property in running the business. If the costs are not being measured then they cannot be efficiently managed.

Because non-profits rely heavily on external funding to maintain operations, a change in business model due to a major change in funding or client requirements can have a significant impact on how the service is undertaken or delivered. Now more than ever, real flexibility to adapt your property portfolio to meet the changes demanded by government, granting organisations, customers, clients and technology on business and service models, is paramount.

Decision making in operational areas completely unrelated to the organisation's core business is daunting for many CEOs but potentially more difficult for those managers working under the parameters of limited resources such as is often the case for those in the non-profit sector.

This quantum shift of service delivery will require a more comprehensive review of the property portfolio with the potential requirement of securing new or upgraded properties. The CEO is then placed in the position of having to provide their board with various business cases relating to the organisation's property portfolio. Recommendations in such reviews may include identifying investment opportunities and sites, preparing feasibility studies, site acquisition, negotiation with statutory bodies, managing the delivery of new premises and overseeing the marketing and

disposal of the existing property assets.

Managing the rationalisation of an asset or getting the maximum value for the asset at sale requires the proper preparation of the asset before disposal. This may include a range of requirements from the need for physical change, for example asbestos removal, through to a regulatory change such as obtaining a more commercially attractive town planning use approval.

As the managerial representative to the board, the CEO should be aware that their organisation can be faced with having to undertake numerous governance matters from public and stakeholder consultation and leasing and tenant negotiations in addition to disposal strategy formulation, site decontamination and remediation and acquisition transaction management.

Decision making in operational areas completely unrelated to the organisation's core business is daunting

“The great leaders are like the best conductors — they reach beyond the notes to reach the magic in the players.” Blaine Lee

for many CEOs but potentially more difficult for those managers working under the parameters of limited resources such as is often the case for those in the non-profit sector. However, putting this area into the ‘too hard basket’ and not facing the property portfolio dilemma will only restrict the potential growth of the valuable service offering by tying up resources with inefficient and under-performing property assets. The best approach is to undertake a holistic review of the organisation, the business model and the service delivery strategy and to

develop a property strategy that will support it, not the other way around.



Russell Martoo
Managing Director
RCP

Russell is presenting a workshop at 10:30am on Saturday

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03 9589 5661 0411 486 837*

Recruiting Board Members – Working with a Nominating Committee

BOARD RECRUITMENT | PHILIP MAYERS

For too long, not-for-profit boards have remained a coy social group, not always adding value to the strategic development and operations of the organisations on whose boards they sit – yet CEOs cannot get their strategies off the ground unless they have a capable board to endorse and support them. It's all about cause and effect.

The problem often results from the way in which directors were recruited in the first place. Sometimes, directors are recruited merely because they are old chums. I knew of one aged care organisation where four of the ten board members were all friends from the same Rotary Club. Poorly selected board members don't always provide the leadership that NFP CEOs are seeking. The situation is compounded when one thinks of publicly funded institutions, where some board members are government appointments and see themselves as "watch dogs" whose role is to promote the policy of the government of the day.

So what should we be doing?

The directors should be chosen for the qualities needed by the organisation not just today, but for tomorrow as well. In organisational theory we differentiate between management rowing and the board steering. With some organisations, the board members are merely passengers or spectators and others have completely missed the boat!

So how do we go about recruiting board members who will help our organisations to grow – and assist management to achieve their goals?

There is no such thing as a magic bullet, nor will the appointment of a big name rescue an organisation that is in trouble. Appointing the right board can be a slow process and that is why it must be tackled strategically and thoughtfully. This is where the challenge is tackled by creating a nominating committee.

The role of a nominating committee is to ensure the sustainability of effective board leadership through seeking and recommending board members who will provide the leadership required by the organisation as it

moves forward strategically into the future. We interview carefully before we employ a clerical worker, but our most important people – our board members – are often recruited haphazardly.

Before you appoint a committee at random, however, you need to align with your Constitution, create a charter with a purpose and a mandate, and gain the approval of your board. Issues that need to be addressed include length of appointment of existing and new directors, eligibility, retirement, and (most importantly) a gap analysis that reflects the organisation's strategic plan.

Members of the nominating committee often include external people – this helps to ensure that recommendations are more objective. The externals, however, should be familiar with the mission and values of the organisation and the environment in which it operates.

Nominating committees will endeavour to identify potential candidates for board membership and confidentially invite them to discuss the possibility of a board appointment. The nominating committee should also conduct a due diligence on the individuals, interviewing them, conducting reference checks, and ensuring that they meet the needs identified

on the gap analysis. In some circumstances, where it is difficult to recruit potential board members, organisations sometimes advertise a board vacancy or employ executive search consultants to undertake the task for them. It is sometimes more effective to appoint two or three board members at the same time if you want to introduce change. New board members introduced individually can easily be absorbed into a poor culture and won't be able to make the impact you had hoped.

Once the new director has agreed on an invitation to join the board, it might be necessary for the person to stand for election at a general meeting of members. It is therefore important that people you put forward should be of sufficient competence, experience and reputation that their election will not be a problem. Alternatively, if your constitution permits, you may co-opt the person for an initial period of one year before seeking election.

A crucial role of the nominating committee is to conduct

In organisational theory we differentiate between management rowing and the board steering. With some organisations, the board members are merely passengers or spectators and others have completely missed the boat!

"Anyone can hold the helm when the sea is calm." Publilius Syrus

a skills audit of the existing board to fulfil the needs of the strategic plan, and to conduct a gap analysis. Never recruit an individual merely because the person is a 'billionaire' or a big name around town. If you are trying to revitalise the board, they might do just the opposite and take control. I think of a particular board where the board members kept their eyes fixed on the wealthy individual because no board member could afford to put him offside. Remember you're recruiting board members to carry out a governance function – you'll need people who can contribute at a governance level, rather than meddling in the operations.

Finally, when you have found your talented board members, and they have been duly elected, don't leave them to flounder at the first board meeting. It is essential that the nominating committee also provides a well conceived induction program to ensure that the new board member is familiar with the operations of the organisation, its systems of reporting, the key executive management, and has a familiarisation visit to some typical service areas. Nobody likes to get off to a bad start, so the chair (or another senior board member) should "buddy" with the new board member for

the first few meetings to enable the new board member to ask simple questions, be given friendly advice and encouraged to contribute constructively at board meetings.

A crucial role of the nominating committee is to conduct a skills audit of the existing board to fulfil the needs of the strategic plan, and to conduct a gap analysis. Never recruit an individual merely because the person is a 'billionaire' or a big name around town.

CEOs cannot make progress unless they have the support of the board so it's crucial to link your board composition to your strategic plan and ensure that you get the right board members "on board".

You don't want to be stuck with a boatload of passengers and everyone else waving goodbye from the side of the river.



Philip Mayers
Director

Dakin Mayers Associates

Philip is presenting a workshop at 10:30am on Saturday



GARRY SUSPECTED THEIR NEWEST RECRUIT MIGHT HAVE MISUNDERSTOOD THE MEANING OF 'BOARD MEETING!'

Disaster and Crisis: Dilemmas and Challenges for Boards

COPING WITH A CRISIS | MICHAEL TARRANT

The world in which our organisations have to operate is growing increasingly complex and turbulent. Organisations in the not-for-profit sector are being buffeted by an ever-increasing range of impacts on their operation and demand for their services.

There is an almost endless list of disasters and crises that might occur, but the one thing they have in common is that they force VERY rapid change on organisations. A little preparation can be incredibly valuable for an organisation trying to cope during a disaster or crisis. The challenges and dilemmas for boards centre on how to bring their experience, skills and networks to bear on governing their organisation through a period of very rapid change.

Extreme Events and Community Service organisations (CSOs)

“CSOs are highly vulnerable and not well prepared to respond to climate change or extreme weather events, with many small and medium-sized organisations at risk of permanent closure as a result of major damage to physical infrastructure and disruptions to critical services.

For example, the survey results demonstrate that one week after an extreme weather event 50% of organisations that sustain serious damage to their premises would still be out of operation; 25% might never provide services again”. (Page 16)

“CSOs are the shock absorbers for every day adversity as well as crises”; (Page 16)

Adapting the community sector for climate extremes: ACOSS 2013

While the ACOSS report is concerned with extreme weather events, the same conclusion could be drawn for many other situations and which could significantly impact on an organisation's objectives.

What is a crisis?

Crises are particularly challenging socio-political situations. A board's approach to crisis management needs to reflect the nature of the crisis.

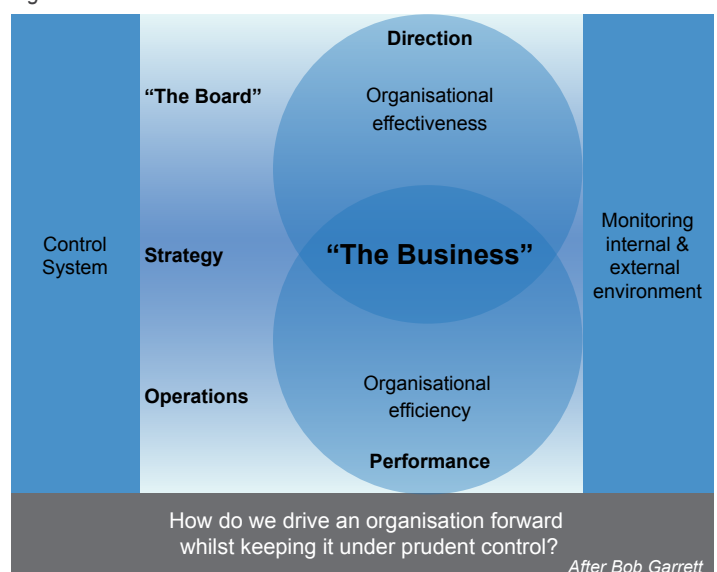
- **Threat:** Something very bad has happened or is about to happen.
- **Uncertainty:** This applies to both the nature and the potential consequences of the threat: What is happening and how did it happen? What's next? How bad will it be? Uncertainty clouds the search for solutions: What can we do? What happens if we select this option?
- **Urgency:** Time compression is a defining element of crisis: the threat is here, it is real, and it must be dealt with as soon as possible.

Loss of confidence by key stakeholders, such as the general public, politicians, donors, media and clients, may occur during a crisis and place very significant strain on organisations.

How can the board contribute to the organisation and to the community it serves in these challenging environments?

Figure 1 is a very simple model of an organisation that it might be valuable to reflect on. The fundamental role for the board is to provide direction and guidance to the executive and managers who use resources to achieve the organisation's purpose. This is just as relevant to non-routine environments as it is to everyday activity.

Fig 1



References:

Adapting the community sector for climate extremes: ACOSS 2013
<http://www.nccarf.edu.au/publications/extreme-weather-climate-change-community-sector>

“One of the tests of leadership is the ability to recognise a problem before it becomes an emergency.” Arnold Glasgow

In routine environments the board spends its time across the four areas of activity described in Figure 2. Each board has to make decisions about how it allocates time and resources to these four aspects of their work. When a disaster or crisis strikes, the same functions have to continue except they must be carried out under high levels of uncertainty and time pressure. This might involve providing direction and guidance on key objectives so the executive can better allocate limited resources. What should we continue doing? What can we drop? How might the control system of the organisation be modified to cope with a radically different environment?

A critical part of becoming better prepared for disasters and crises is to think through how the four broad areas of board activity could be affected during a range of events and situations. Short scenarios and discussions around issue identification and management can be very useful preparation.

There are two broad challenges and some typical questions to be addressed by the board:

What are the Board’s responsibilities and tasks in an event or situation?

- How will strategy be impacted?
- What interdependencies exist with other stakeholders. Who do we depend on?
- What new partnerships might need to be forged?
- Who will monitor and engage key stakeholders?
- What should the chair be considering when advising stakeholders?

How will the board operate in a disaster or crisis?

- What constitutes a quorum in a sudden event?
- How and where will the board meet at short notice?
- What if the chair is unavailable?
- Does the board have a crisis or disaster plan?
- What can the board do to prepare themselves and have assurance that appropriate systems are in place in the organisation while maintaining a strong focus on objectives and critical activities?

Governing in turbulent times is fraught with challenges and dilemmas for boards, but with some development and a little preparation the capacity of a board to provide direction for an organisation through difficult times can be greatly improved. The board also has a vitally important assurance role in ensuring that their organisation can cope effectively with disasters and crises and so continue to make a contribution to the wellbeing of our society.

For further information or to discuss the issues raised in the article please do not hesitate to contact Michael Tarrant on tarram51@gmail.com.



Michael Tarrant
Assistant Director – Education,
Training & Research, Australian
Emergency Management Institute
Michael is presenting a workshop at
3:30pm on Saturday

Fig 2

	Conformance Roles	Performance Roles
External	Providing accountability to stakeholders including regulators and donors <i>Who needs to know about the situation and who will say it?</i>	Strategic thinking and strategy formulation <i>What are the implications of this situation for the future direction of our organisation? What are the threats? What are the opportunities?</i>
Internal	Monitoring and supervising <i>What changes to the control system might need to be made in light of this situation?</i>	Policy making and guidance to the CEO and executive team <i>What policy and guidance does the board need to give to the CEO and executive team?</i>

For professional development courses ranging from crisis management, business continuity to organisational resilience (and others) – including those that can be tailored to your organisation’s requirements – please contact the **Australian Emergency Management Institute**, National Centre of Excellence, on (03) 5421 5100, aemi@ag.gov.au, www.em.gov.au/aemi.

Financial Reporting to the Board

FINANCIAL REPORTING | DAVID HEY-CUNNINGHAM

Boards are often inundated with information for their meetings. Reassessing reporting methods can enhance board performance, efficiency and help boards to meet corporate law responsibilities. This article concentrates on some ideas for financial reporting, a particularly challenging area of reporting for many boards.

Two key principles are: *less is more* and *top down*. *Less is more* when financial reporting is well formatted and presents clear, concise and relevant information. This will usually be a mixture of numbers, text, graphical representation and detail reported by exception.

Top down facilitates clarity by providing the overall picture in a one-page overview of key elements followed by pages that logically support the summary page and cascade down to the extent necessary. The more that detail can be provided by exception, the less information needs to be provided. While reporting by exception is a great way of reducing detail, directors need to be satisfied that such exceptions will be reported.

An automated version of *top down* is the performance dashboard. Wikipedia has information at:

[http://en.wikipedia.org/wiki/Dashboard_\(management_information_systems\)](http://en.wikipedia.org/wiki/Dashboard_(management_information_systems))

This can be a very powerful way to keep abreast of key matters. To be effective the dashboard must limit information to key performance elements that are regularly updated. To achieve this, the dashboard is automated and links to automated, robust, reliable and integrated information systems.

Financial reporting needs to be forward and backward looking. Reporting to the board is enhanced when in the context of strategy; same format used for budgets and historic reporting; and the three financial statements, ratios and key performance indicators are used.

A very useful historic record, created on a spreadsheet is five years and more of financial history of the income statement, cash flows statement, balance sheet and ratios.

Accounting systems automatically generate income statements and balance sheets but usually do not generate historic cash flows statements or ratios. Their report generation capability is often cumbersome. Hence, accountants often transfer data to spreadsheets to generate reports, including those presented to the board.

The accounting system has inherent reliability due to double entry processing. More comprehensive reporting means information is transferred to spreadsheets. There is significant risk that the spreadsheets are deficient in control checks to ensure all the information is transferred and integrity is maintained. How does a board obtain assurance? If the organisation is large enough, internal audit can do additional work that is reported to the

board or the audit and assurance committee. If smaller and there are external auditors, engage them. If small and an external accountant assists with annual reporting, then engage the accountant.

A simple and useful way of enhancing clarity, especially for small organisations, is clustering the information. Accounting systems' and accountants' default order for expenses is alphabetical. A way of improving income

statement expense reporting is by clustering: for example a small member-based organisation could allocate expenses under clusters of association, board, office and member services.

In short, boards can improve their performance and governance standards by determining the most suitable methods for reporting. Financial reporting can be improved by adhering to the two principles of *less is more* and *top down*. When these principles are applied well the resulting reporting will help a not-for-profit board understand the financial performance, issues of concern and how the organisation is performing against its financial strategy.

There is significant risk that the spreadsheets are deficient in control checks to ensure all the information is transferred and integrity is maintained. How does a board obtain assurance?



David Hey-Cunningham

Author

Financial Statements Demystified

David is presenting a workshop at 10:30am on Saturday

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An artist's impression of ICC Sydney

Developing the Next Generation of 'Givers'

GIVING | SALLIE SAUNDERS

When I was young it was normal for our family and friends to spend time helping a friend build a shed, dig a garden for our elderly neighbours, share a feast of home grown fruit or vegetables, invite newcomers to a welcome bar-b-q and to visit others who had exciting and different foods to share - especially "exotic" Greek or Italian food.

Our spare time activities revolved around community - winter and summer sports, community action and fundraising, local art groups, local theatre etc. My grandparents, parents, our relatives and friends and a tribe of kids were all involved, and we had lots of fun.

Mum and Dad gave with no strings attached – and both worked full-time outside the home all their working lives. Dad was well known as the best man to cater for any event that required feeding lots of people, produce home brew for the footy club celebrations (when beer was very scarce after WW2), teach the limbless returned soldiers to swim again, coach promising young high-board divers and run the swimming club. Mum and Dad were also known as good advocates for people who needed help understanding government forms or dealing with unscrupulous salespeople. Mum was always writing "letters to the editor" - and following up with action groups to get better services in our community.

From age 6 I was holding the tape at athletics, running the results back to the scorekeeper, inviting newly arrived kids into our activities and making sure Dad or Mum knew when their parents needed a spokesperson or advocate. My 7 year old cousin was "in charge" of a group of 5 year olds walking to school and took her responsibilities very seriously. We baked special dog biscuits to give to the dog pound pooches, sold raffle tickets door-to-door and we had a paper round and collected bottles for cash to give to a local orphanage.

If this sounds a bit "Pollyanna-ish", I also remember when my brothers and I ate all the Girl Guide biscuits we were supposed to sell and once I made a good effort at donating my younger brother to the orphanage we were working hard to support.

Our activities were small scale and local and we had lots of fun. We were usually engaged with an interested adult and we received warm appreciation for our efforts. Our parents talked and took action and we watched until they enticed us into action too. The fun element was a very important factor!

I am aware that the world has changed quite dramatically from the 1950s and 1960s when I was having all this fun. But, having fun in community service is *not* a lost art. It simply needs re-discovering. To risk a huge generalization, relatively well-off Australians often complain about being busier, less content, more fearful and more stressed than ever before. Parents complain

that kids seem to have "everything" and always want more. Parents also want their kids to be happy and to have fulfilling, enriched lives.

If you are concerned about developing our next generation of "givers" or about changing the kids in your circle from "gimme-gimme" to kids who know about the pleasure of giving – you need a plan.

Carol Weisman in her book "*Raising Charitable Children*" points

out that children today are inundated with messages about consuming rather than giving. But "putting a cell phone in their pocket and the right shoes on their feet" will not make them happy or enrich their lives. What we could be doing instead is helping them experience the "warmth of human contact – the warmth that comes from giving more than receiving".

I found two other important messages in Carol's book – it doesn't take much to show kids how great giving can feel and if *you* don't give it is a bit hard to expect your children to do so.

Recently, I spoke with a mother of two boys who takes the boys with her to work in a local charity shop at least once per month. The boys go to a prestigious private school and were a bit reluctant at first. Their mother persisted because "it is important for the boys to know how lucky they are and to think of others". The family conversations about giving have led to other acts of charity and philanthropy suggested by the boys.

The prospect of choosing a charity for their next birthday gift has made the children very aware of charitable work, the needs of others and the chance to give to a project of personal concern.

When the grandchildren arrived, I adopted Carol’s “birthday gift donation” idea. For each grandchild’s birthday we make a small financial donation to the charity or not-for-profit of their choice. The donation

is not instead of a birthday gift – it is an additional gift so that young children do not experience giving as personal deprivation. Whenever possible, we help the child to make the donation in person and to find out more about the work of their chosen charity. The prospect of choosing a charity for their next birthday gift has made the children very aware of charitable work, the needs of others and the chance to give to

a project of personal concern. As the kids get older we may decide to join up all the small donations and give a more significant sum to one group that the children choose collectively.

As they get older and go on to higher education, I will encourage them to work with other students who are funding their own trips to developing countries to help out in so many ways. These students always say they ‘get much more than they give’ out of this work in terms of life, learning, world awareness and expanded friendships.

As adults we talk about our own giving and the work of the groups to whom we donate and why we think it is

important. I talk about the pleasure it is to work with not-for-profit board members who give their time, skills and energy so freely.

How would this conversation go if we were to talk about paying board members to serve not-for-profits?

What would we lose/gain if that became the norm?

In thinking about encouraging the next generation of ‘givers’, a few questions from contemporary not-for-profit work emerge for me:

How would this conversation go if we were to talk about paying board members to serve not-for-profits?

What would we lose/gain if that became the norm?

Why is payment the response to increasing complexity of board service?

What actions could we take together to reduce the complexity and encourage more and more people to join in the art of giving?

Reference:

Weisman, Carol (2008), “Raising Charitable Children”, F.E. Robbins & Sons Press, St. Louis, USA.



Sallie Saunders
Director and Principal Consultant
Building Better Boards

Sallie is presenting a workshop at 11:40am on Saturday



Governance for Good

ACNC GUIDANCE | MURRAY BAIRD

Governance is an increasingly hot topic in the not-for-profit sector. Australia's first national charity regulator the Australian Charities and Not-for-Profits Commission (ACNC) is in full swing and, at the time of writing, governance standards for registered charities are being considered by parliament.

Most charities already have practices and procedures in place that make sure they are being well-run and practicing good governance. When ACNC governance standards are introduced, it will mean that for the first time most registered charities will need to abide by a set of minimum standards that support good governance.

Good governance helps charities achieve their objectives in line with their charitable purpose.

Signs of well-governed charities include:

- A set of rules that are followed to help the charity to deliver its work effectively and transparently
- Board members that understand their duties and act in the best interest of their charity
- Good record keeping
- Strong working relationships between board members, stakeholders, employees and volunteers.

Donors, employees, funding administrators and the broader public look for reassurance that charities are well-run. Knowing that registered charities will be maintaining governance standards will give assurance to those concerned and increase community confidence in charities.

Guidance for charity board members

Since commencing in December last year, the ACNC has emphasised its role in education and helping charities to understand their obligations. This is evident on the ACNC's website, where a wealth of resources, including guides, factsheets, quick tips and other useful information is available.

A recent addition to the ACNC's guidance is *Governance for good, the ACNC's guide for charity board members*. This guide, which will be updated after the governance standards pass through parliament, has been developed

especially for charity board members and it focuses on good governance. A highlight of the guide is 10 top tips for charity board members (see boxed text).

Other notable guidance the ACNC has produced that may be helpful for charity board members includes tips on: choosing a new board member, handling internal disputes, changing your governing rules (both for unincorporated and incorporated charities), managing conflicts of interest and what to do if your charity wants to support disaster relief.

Governance standards

The ACNC governance standards currently before parliament shouldn't contain any surprises for charity board members. We expect that most charities will find that they are already complying with the standards and that many will actually be exceeding the standards.

The five governance standards, before parliament are:

1. Purposes and not-for-profit nature of a registered entity (charity)
2. Accountability to members
3. Compliance with Australian laws
4. Suitability of responsible entities (i.e. board members)
5. Duties of responsible entities (i.e. board members)

It is expected that the governance standards will take effect from 1 July, 2013. Transitional arrangements until 1 July, 2017 have also been accounted for in the legislation.

Murray Baird is the Assistant Commissioner (General Counsel), Australian Charities and Not-for-profits Commission. He joined ACNC after a career as a private legal practitioner practising in not-for-profit and charity law and governance.



Murray Baird
Assistant Commissioner
ACNC

Murray is presenting a keynote at 9:10am on Sunday

“The pessimist complains about the wind. The optimist expects it to change. The leader adjusts the sails.” John C. Maxwell

Top 10 tips for charity board members

From ‘Governance for good, the ACNC’s guide for charity board members’

- 1 Know what your charity’s charitable purpose is and make sure you and your charity are working towards it – when in doubt, ask yourself whether your actions are furthering your charity’s charitable purpose.
- 2 Be clear about your role and make sure that the roles and responsibilities of everyone at your charity are well understood, whether they are a volunteer, member, board member, client or employee.
- 3 Understand your charity’s financial position and be familiar with its financial statements – everyone on your board shares a responsibility to make sure your charity’s finances are well-managed.
- 4 Keep your responsibilities as a board member in mind when making decisions as a board member, particularly the difficult ones.
- 5 Have a copy of your rules: read them, understand them, follow them and if ever you are uncertain, ask your other board members or get professional advice.
- 6 Although board members act as a collective, do not just follow the crowd. You should always do what you think is best for your charity, even if sometimes it means asking questions, getting extra information or independent advice, or taking a different view to other board members.
- 7 Know your charity’s obligations to government agencies (such as the ACNC and other regulators) and make sure your charity is meeting them.
- 8 Listen to the other board members and work as part of a team. Your board shares a collective responsibility for the organisation and you should see board members as colleagues.
- 9 Be confident to declare and manage conflicts of interest responsibly. Read our quick tips on managing conflicts of interest for more information.
- 10 Always act in the best interests of your charity – as a board member you have a responsibility to put the interests of your charity above your own personal interests.

More information

• *Governance for Good* and other ACNC guides and educational materials are available to download from www.acnc.gov.au

• If you are interested in the details of the governance standards, search *Australian Charities and Not for profits Commission Amendment Regulation 2013 (No. 1)* at www.comlaw.gov.au.

Nemawashi: Consultation Japanese-style for NFP Leaders

DECISION MAKING | RANDALL PEARCE

根回し

One of the most challenging aspects of leading a not-for-profit organisation is to understand and

manage a large group of diverse stakeholders. Not-for-profit boards and their CEOs have to serve a number of masters: donors, volunteers, members, sponsors, partners and government policymakers at the local, state and Commonwealth level. So, what do the Japanese have to teach not-for-profits about consultation?

In management-speak, Nemawashi is a traditional process carried out in the early stages of a proposed undertaking. It could also be translated as “prior consultation” and involves a series of informal discussions with those concerned to ensure that everyone agrees before any formal decisions are made or steps taken. The process of Nemawashi ensures that all sides are involved in decision-making and that major changes do not surprise any party.

So, what does Nemawashi look like in an Australian not-for-profit context?

The first step in successful Nemawashi is to create a 360-degree view of all of the stakeholders and groups likely to be affected by the decision about to be taken. Understanding the impacts a decision can have on all groups will improve the quality of the decision-making. It will also ensure that today’s stakeholder group doesn’t become tomorrow’s protest group.

The next step is to engage each group in an appropriate way. Donors might be asked to complete an online survey, staff and volunteers might be invited to a focus group, and government policymakers might be interviewed one on one. The important thing is to ensure that each group has a voice and that each voice is heard.

The final step is to check to ensure that the decision meets the needs of all stakeholders. While stakeholders might have diverse needs, they are not always competing. Sometimes, a decision only needs to be tweaked in order to leave everyone fully satisfied.

Nemawashi has many benefits for not-for-profit leaders. One, it ensures that the decisions you take as a board are well balanced; that no one group’s interest has been sacrificed or forgotten in the name of another. Two, it gives your strategy stability. Rather than lurching from one pressing issue to another, a board can set a strategy with confidence knowing that all of the impacts of its decisions have been considered in advance. Three, it

can save time and money. If an organisation undertakes a thorough sounding of stakeholder opinion ahead of any strategic plan or change initiative, it is unlikely to need to conduct separate consultations on each element over time.

Business people, particularly volunteers, become impatient at the need for consultation in the not-for-profit sector. However, broad-based consultation not only produces better decisions – but it also results in greater understanding and support of the decisions taken, helping to reduce political barriers and staff resistance.

Nemawashi can make our decisions as healthy as a Japanese garden.



Randall Pearce
Managing Director
THINK: Insight & Advice

Randall is presenting a workshop at 9:00am on Friday

At THINK, we help not-for-profit leaders engage boards, volunteers, staff and stakeholders on the issues that matter. We deliver research-based insight and strategic advice to help you set strategy, manage change and learn from your challenges and successes.

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Reforms Give Boards Cause to Reflect

MERGERS & AMALGAMATIONS | VICTOR HARCOURT

The Living Longer, Living Better Reforms reflect the challenges caused by the changing needs of our society and the limited resources which can be deployed to meet those needs.

There is no doubt that the reforms will create opportunities for some providers and be financially fatal for others. The uncertainty about the impact of the reforms combined with the economic downturn and withdrawal of government expenditure from the economy are already driving many providers to consider their future.

The drivers are more urgent and necessary for some than for others who can reflect upon their strategic development options with some flexibility and time. From anecdotal evidence and from my own observations it is clear there are more amalgamations and mergers taking place in the industry.

Smaller, regional providers may be more likely to be looking to secure their future through amalgamations with larger NFPs. The larger NFPs seem to be very well placed to take advantage of these opportunities but so are many private providers.

There is no right or wrong answer to whether an amalgamation or a merger is the best path to choose. What is critical is that any organisation embarking upon an amalgamation or a merger be absolutely clear on why they have chosen that Strategic Development Option. They should also be clear about what they want to achieve. For example, it could be to achieve a better result for clients from a high quality, sustainable service provider.

Once a simple, broad, overreaching objective is agreed, then more specific objectives should be agreed upon. For example, seeking greater scale and reach of services over a broader geographic area or client base; or consistent and more wide reaching service model.

The development of key objectives and key performance indicators during the process of getting to the amalgamation or merger is vital for the success of the project. The KPIs will form the touchstone for measuring the effectiveness of the merger in the all important years post-merger.

One of my colleagues, Paul Gleeson, a Principal in the Corporate and Commercial Team has emphasised the need for communication and balance:

“The people charged with implementing the merger should concentrate on the high level detail only. There should be enough detail built into the merger business

case to address each of the fundamental concerns and drivers, but not so much detail as to complicate the political processes needed in order to achieve a merger.

“As part of this process, each organisation should be prepared to engage in robust dialogue so that all key issues are put on the table and addressed. The objective is to strike the right balance between idealism and pragmatism in order to get the merger done. The more detailed decisions relating to implementation of the objectives and the establishment and the consolidation of the new organisation post-merger, should be left to be dealt with after the merger has been agreed, but should be addressed as soon as possible.”

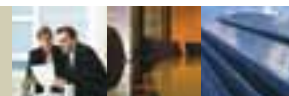


Victor Harcourt
Principal
Russell Kennedy

Russell is moderating the plenary debate at 1:45pm on Saturday

RUSSELL KENNEDY

MEMBER OF THE KENNEDY STRANG LEGAL GROUP



Russell Kennedy is a leader in the provision of legal services and has been recognised by *Best Lawyers* in 2012 and 2013 with Victor Harcourt and Michael Gorton AM recognised for their expertise in *Health and Aged Care*, and Wai Hwoon Low, John Corcoran and Rosemary Southgate for their expertise in *Retirement Villages and Senior Living law*.



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Risky Business

RISK MANAGEMENT AND THE NOT-FOR-PROFIT | CARMEL ACKERLY

Recent changes made by the Australian Charities and Not-for-profits Commission (ACNC) to increase the accountability and transparency of the NFP sector mean charities and other NFPs will now be expected to have greater ownership over their financial investments and risk management strategies.

These changes are not a bad thing, in fact quite the contrary. They've been established to ensure that the foundations for increasing the scale and scope of Impact Investing in Australia are in place. In other words, the Government is preparing to significantly expand its investment in NFPs and social enterprise, but it's laying down some ground rules first.

How NFPs respond to these changes is very important to the future of Impact Investment in Australia, where investors in social or environmental challenges are using impact measures to determine where to invest their capital. Charities and other NFPs need to position themselves to own and manage the risk inherent within their operations, and – like for-profit organisations – ensure that their funding and capital investment has positive impact not just in the short-term, but well into the future.

Why Have a Risk Management Framework?

Changes to policy and legislation, economic upheaval and the re-allocation of funding all have the potential to become detrimental to the success of your organisation if not properly managed and accounted for.

In order to create positive long-term impact, NFPs must look beyond simply registering and reporting to the ACNC. They need to work to establish ownership of their investments and operations in order to indemnify themselves against risks like changes in policy and governance and broad-scale economic upheavals. One of the simplest and most effective ways they can do this is by establishing a risk management framework. Competing priorities and a lack of understanding about who is responsible for addressing the issues of risk management have left many NFPs with little or no risk management framework in place. As Australia expands its commitment to Impact Investment,

organisations that fail to demonstrate an effective risk management framework will find themselves not only facing any number of potential calamities, but also – more importantly – overlooked when it comes to the assignment of funding and capital investment. For obvious reasons, funding bodies and investors will favour more forward-looking organisations and social enterprises that are capable of identifying, minimising and managing risk. In short, any NFP without a sound and effective risk management framework will be seen as a poor investment.

So Who's Responsible?

A common obstacle in the governance of NFP organisations is determining who's responsible for risk management. For this purpose we define 'governance' as the role of defining the organisation's long and short-term goals, direction, limitations and accountability frameworks, and 'management' as the administration of everyday operations, including the allocation of resources. In other words, governance determines what the organisation does and what it should become in the future. Management determines how the organisation will reach those goals and aspirations.

Competing priorities and a lack of understanding about who is responsible for addressing the issues of risk management have left many NFPs with little or no risk management framework in place.

Responsibility for establishing a risk management framework that can anticipate, assess and manage potential threats to the operation and profitability of the organisation belongs to the organisation's governing body or board.

Risk Management 101

Risk management is not about being pessimistic or looking for potential disasters. It's simply about being aware of potential risks and setting up appropriate plans and guidelines to identify, assess and minimise risk. Although some might see establishing a risk management framework as time-consuming and a waste of resources, if done properly it can allow the organisation to operate far more efficiently and effectively with minimal complications, and empower staff to anticipate and assess challenges well before they become problematic.

Most risks fall under one of two headings — strategic or operational. Strategic risks are those that have the potential to harm or damage your organisation in a

serious – often public – way. These are the ‘front page’ disasters that can bring down your entire organisation, for example illegal or disreputable activity or association with undesirable individuals or organisations. Operational risks are anything that can have a negative impact on the way your organisation operates day-to-day. These might include a reduction in funding, poor employee engagement or mismanagement of resources.

Below is a brief outline on how to establish a simple but effective risk management framework for your NFP organisation.

Step 1: Identify the range of risks that might affect the organisation across all its areas of operation, including (but not limited to) change of government policy, economic climate and the re-assignment of funding.

Step 2: Assess each risk in importance, impact and the likelihood of it occurring. This can be done using a simple table or spreadsheet.

Step 3: Identify at least one strategy for minimising and managing each risk, including individual responsibilities and who will accept ownership of – and be accountable for – the risk.

Step 4: Establish a regular reporting process so you are continually revising, updating and re-assessing your risks and risk management strategies.

Step 5: Establish a framework auditing procedure so you can be sure your risk management framework remains relevant and effective.

Risk	Category	Owner	Importance	Likelihood	Management Strategy
Pilot Program – Failure to achieve long-term sustainability/financial independence (post-pilot program)	Strategic	Board/Committee of Management	High	Medium	Build community capability and engagement to decrease reliance on funding. If this is unrealistic, should we as a board say ‘no’ to the program?
Pilot Program – Failure to effectively implement program	Operational	CEO/Board	High	Low	Effective management of staff, clients, housing, training, resources, reporting and controls.

Owning and implementing an effective risk management framework will soon be considered essential for all NFPs, charities and social enterprises that want to secure and sustain a profitable operation. Establishing your framework should be a fairly straightforward process and, if done properly, one that creates an invaluable planning and management tool that will help ensure the sustainability and positive impact of your organisation, both today and well into the future.



Carmel Ackerly

Acting CEO, Australian Institute of Management – VIC & TAS

Carmel is presenting a workshop at 9:00am on Friday

“It’s Not in the Tea Leaves – It’s in the Minutes”

BOARD MINUTES | BRIAN HERD

The ubiquitous Board Agenda and its progeny, the Minutes are often assigned to a spring back folder and buried on a shelf somewhere. A board meeting and its record, once distributed, approved and stored, can take on an inert, colourless and even meaningless hue only fit for the corporate archives.

The Minutes rarely engender much interest let alone controversy except for the anally retentive member who salivates over grammatical boo boos or misspellings. At best, they are usually only retrieved and poured over to determine who said what and when (which often rarely matters except in the pursuit of some personal agenda).

The relentless monotony of what is discussed and recorded or, at worst, not discussed and recorded, can expose the shallowness of board meetings which are often little more than repetitious rituals masking a terminal dysfunction in a board. As well, the control of the agenda and minutes can be a device to distort proper board decision making. Putting important items, for example, at the end of an agenda when eyes are glazing, energy levels sagging and everyone just wants to go home, is a tell-tale sign of meeting manipulation.

However, thanks to the law, the quality and comprehensiveness of minutes is being thrown more and more into the spotlight. The duties of board members are being targeted by the law generally and in the Australian Charities and Not-for-profits Commission (ACNC) legislation particularly and minutes can be powerful evidence of how well a board is performing in their due diligence role and how compliant it is with the law. For example, among the issues in the prosecution

of the directors of James Hardie for failing to perform their duties, was evidence about the process and the accuracy of the minutes arising out of that company’s board meetings. While that case related to a for-profit company the same principles would apply to a not-for-profit entity.

Even more interesting is the importance of directors being able to understand that they can dissent from a board decision and how such dissent should be recorded in the minutes to protect the dissenting director from any future adverse consequences. Even not attending a meeting can have legal implications for an absent director, for example - is that director deemed to agree with the decisions of the board at that meeting or not?

Even not attending a meeting can have legal implications for an absent director, for example - is that director deemed to agree with the decisions of the board at that meeting or not?

In addition, there is little appreciation at board level of the marketing power of minutes. High quality prospective directors who are asked to join a board will often have a preliminary look at the board minutes to gain insight into an organisation’s condition and the professionalism of its governance. The often poor quality of the documents can, to use management speak, ‘disincentivise’ or, in every day parlance, be a

proverbial ‘turn off’ to good candidates – something which few organisations can afford to do in this day and age when many do not, and cannot, even pay good directors as an incentive.



Brian Herd
Partner

Carne Reidy Herd Lawyers

Brian is presenting a workshop at 10:30am on Saturday

In his workshop Brian will be exploring these issues and putting some meat into the subject of minutes. In particular he will:

1. Examine the principles and content of good agendas and minutes and why they are so important
2. Give breathtaking examples of bad ones and the legal consequences
3. Demonstrate what powerful tools they can be to a board’s success
4. Draw an inexorable and irresistible nexus between the quality of an agenda and minutes as:
 - a. A reflection of the quality of a board’s performance and its morale; and
 - b. A barometer of an organisation’s past, present and, most importantly, its future
5. Leave attendees with a new-found respect and insight into the importance of these much-maligned documents in painting an organisation, not just in retrospect, but in prospect.

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What to Expect from a “Futurist”

FUTURISM | MARK SHELDON-STEMM

Many of us have attended conferences and seminars where somebody presents themselves as a Futurist. We sit and listen to what is happening in terms of technology and the new things that are being developed, such as credit cards on our mobile phones, cars that drive themselves and computers and/or robots that are just like humans.

Apart from amazing information about developments that would presumably make our lives easier, we sometimes take away little more than a smile or a chuckle from these sessions. But is a Futurist a creative thinker who serves just to entertain, or is there some value in what they tell us? Do their insights in any way apply to what you do, or where you work? Is there any practical application at all?

I think a Futurist should be much more than an entertainer who talks about future technology. In layman's terms, the word Futurist conjures images of somebody who can “tell the future”, like the fortune teller who looks into crystal balls or at cards to see what fate will bring and we can do whatever we like with the results. However, today's futurism is in fact incredibly academic and the study of the future is taught at eminent Universities around the world.

The potential we (or our organisations) have is limited unless we are able to project what is possible over time. Possibility is affected by what is Plausible and Probable which in turn leads to what is Preferable. The four ‘Ps’ are all interrelated. A Futurist's role is to provide systems and ways of thinking that will assist us in considering the Possible, Plausible, Probable and Preferable future, directing us to move towards the future in a positive and constructive manner.

This can be applied in practical ways, such as when an organisation is undertaking strategic planning and uses scenarios to project what might be developed in the future. The problem with developing scenarios often lies in the uncertainty of whether the future as projected in them is likely to match the Probable or Preferable future of that organisation. Often what goes into scenarios is a combination of different people's perceptions of what the future might be, influenced by their point of view. In many cases the scenarios end up with a high level of

subjectivity, when objectivity is what is really required.

This is where some “futurist tools” can serve to bring about a degree of objectivity and allow the group to see options for the future that they might not have been able to previously. One such tool is called The Futures Triangle, developed by Sohail Inayatullah, a well-known Australian Futurist. The Futures Triangle uses the “weight of the past”, the “push of the present” and the “pull of the future”.

Using this tool, a group undertaking a scenario might ask what the “weight of history” has been in a particular area. What has happened in the past? How have things changed? What forces were at work to bring about the change? What barriers have there been to change? And what is getting in the way?

Possibility is affected by what is Plausible and Probable which in turn leads to what is Preferable. The four ‘Ps’ are all interrelated.

After documenting these, attention can be moved to the “push of the present”. What are the issues of the present? Who is applying pressure in a particular area? What trends are pushing us towards probable futures? And if there is a change coming, where is this change coming from and what forces are at work?

Finally, the “pull of the future” will become clearer as you look at the history and the present and a trend or path emerges indicating what the probable future might be. What is pulling the issue into the future? What future can people see? And what are the different competing views of the future based on the history and the present?

This is a way of thinking about and formalising opinions and is a method of validating these to see if there is a solid basis to these opinions. This provides a level of objectivity and credibility to the scenarios being developed by uncovering the logic behind how these groups arrived at the different scenarios. Futurist systems encourage active anticipation with what the future may bring and enable us to influence the future to our advantage.

Some other useful Futurists systems include:

1. Backcasting
2. Causal Layered Analysis
3. Problem Precluding
4. Systems Mapping
5. Visioning

These are just a few of the methods and systems that Futurists use to look at the future with all of its

“If your actions inspire others to dream more, learn more, do more and become more, you are a leader.” John Quincy Adams

possibilities and probabilities. By learning these systems, anybody can be their own Futurist. For a Futurist to be of any use, they should pass systems on to us that relate to ways of thinking which a participant can own and apply to their own particular situation.

Do not get me wrong, those who talk about the future in terms of technological change have their worth. They offer us a valuable insight into what the future world will be like in terms of the things that we will be able to do and many organisations use this information to lead the market and give themselves a competitive edge. But technology does not dictate everything we do. More often than not, the systems that drive the things we do provide the greatest competitive edge. Technology can be duplicated and improved upon, whereas some systems are very difficult to copy.

If you can learn new ways of thinking about the future then this in itself will provide you with a competitive edge.

So, pick up your own crystal ball and start designing your own future!

*Mark Sheldon-Stemm , M Mgt (Future Studies), B Soc Sc, Grad Dip Agr Econ, Cert Comm.
Futurist*

PS – For those of you interested in the study of the future and like some of the weird and wonderful things that some “Futurists” talk about, Google these words and read on – “Singularity” and “Ken Wilber”.



Mark Sheldon-Stemm
General Manager
Kalyna Care

Mark is presenting a workshop at 10:30am on Friday

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It's All About Mission

MISSION FUNDAMENTALS | DEAN PHELAN

I was looking at some photos recently and came across some taken when I was in Kakadu and Litchfield National parks in the Northern Territory a few years ago.

We really do live in a magnificent country – timeless mountains, gorges, waterfalls, and rivers full of fish (and crocodiles), birds and wildlife. We saw aboriginal drawings from tens of thousands of years ago and many a termite mound. Some were small and new and some looked old with only a few members. Some were over five metres tall and, we were told, over 50 years old with thousands of members. All groups of ants were part of the wide termite family, yet each mound was operating as a fairly autonomous group.

We learned that each of these mounds were quite sophisticated organisations. The structures have been built to preserve the core at a constant temperature. The position and outcrops of the mound are not random, but rather aligned with the earth's magnetic poles and rotation in relation to the sun, so that a minimised face is exposed during the hottest part of the day and appropriate levels of shade are created.

We also learned that throughout the termite organisation, there is continuous monitoring of Key Performance Indicators (KPIs) such as internal core temperature, food supplies, health of the queen and so on. Each generation of ant seems to know what to do and when to do it. There is constant building, food gathering and micro-adjustment work being carried out

by all the members to ensure optimal organisational performance and advancement of the common termite cause.

Interestingly, if there is a significant change in the environment, like a falling branch breaking off one section, workers don't just begin fixing or replacing what was broken. Instead, the mound may be adjusted in many other areas to bring the core as efficiently as possible back into the optimal zone. Some form of common understanding of the whole, as well as systems thinking, seems to prevail. So, the core is preserved whilst some of the organisational structure, internal workflows and individual work routines are changed for the good of the whole.

We also learned that throughout the termite organisation, there is continuous monitoring of Key Performance Indicators (KPIs) such as internal core temperature, food supplies, health of the queen and so on.



My reflections on the termite mound bought to mind Churches of Christ - our churches, care services and many other ministry groups such as the Men's Sheds, Alpha groups, food banks, op shops etcetera that are part of our wide family of Churches of Christ in Queensland. No two are identical, yet all share a common mission. Some large, some small, some old and some new, but each working with their own "mound". Hopefully they adapt and evolve to adjust to the changing environment they find themselves in, and hopefully they adjust according to what's needed to preserve the core of who we are and what we stand for – Loving God, loving our neighbour, and training others in the way of Jesus. Furthermore, they're

hopefully advancing our common cause and mission of bringing the light of Christ into communities.

"A leader is one who knows the way, goes the way, and shows the way." John C. Maxwell

Jim Collins and Jerry Porras' globally acclaimed research published in their 1995 book *"Built to Last"* found three major characteristics of organisations that survived and prospered over the longer term of 50 plus years. These organisations:

1. Preserve the core and stimulate growth.

Great organisations fervently preserve their core while at the same time stimulating progress in non-core areas. They take steps to make their ideology pervasive throughout the organisation and beyond, and they transcend any individual leader. However, they also stimulate experimentation and learning so that in a changing world, they are prepared and able to change everything about themselves except their core values – essential and enduring tenets – and purpose – fundamental reasons for existence.

In multiple ways these organisations deliberately build and powerfully reinforce a distinctive organisational culture that embodies their core ideology. At the same time they have a commitment to challenging, audacious and often risky goals and projects toward which they channel their efforts to stimulate progress. Collins called these "big, hairy, audacious goals", or "BHAGs". For example Ford's "car for the average family man", JFK's "man on the moon", Bill Gates' "computer on every desk", Steve Jobs' "iPhone", or better still Jesus' "love your neighbour as yourself".

2. Build the organisation and its capability

For the builders of great organisations, their greatest creation is the organisation itself and what it stands for; in our case "The Church". The creating and building of a great organisation does not require either a great programme or a great and charismatic leader who can "tell the time" to everyone.

The whole is much greater than any individual. Building an organisation that can prosper far beyond the presence of any single leader and through multiple cycles is "clock building". The builders of great organisations tend to be clock builders not time tellers; they build a clock so everyone can see the time, or truth if you prefer.

3. Maintain consistent alignment

Great organisations seek consistent alignment of all the elements of each group and work together in concert within the context of the organisation's core ideology and the type of progress it aims to achieve. Constant monitoring of critical KPIs is maintained and adjustments made to ensure optimal organisational performance.

It is also a never-ending process of identifying and doggedly correcting misalignments. If building layout impedes progress, change the layout or move. If the strategy is misaligned with the core, change the strategy. If behaviours are being rewarded that are inconsistent with the core, change the system. If the structure inhibits progress, change the organisation structure. The only sacred cow is the core ideology, or mission. Anything else can be changed or eliminated.

As I turn my mind back to the termite mounds, I idly wonder whether there are any demotivated termites and how the organisation manages these members....but that's for another article.



Dean Phelan
Chief Executive Officer
Churches of Christ in Queensland
Dean is speaking in the plenary
debate at 1:45pm on Saturday



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Preparing for an ACNC Governance Review – Are you Ready?

ACNC COMPLIANCE | JAMES BECK

On the 1 March 2013, the final Australian Charity and Not-for-Profit Commission (ACNC) Governance Standards were released, and are expected to be confirmed in the May sitting of Parliament. Subject to the parliamentary process, the government's intention is for the standards to take effect from 1 July, 2013.

While some organisations may consider awaiting the potential change of federal government in September, the current coalition policy is only to roll-back the not-for-profit powers of the ACNC, to become a charities commission. Thus, from the 1 July 2013, if you are a registered charity with the ATO, your new regulator will be the ACNC, either under the current legislation or the coalition's revised legislation.

So, if you are a registered charity – are you ACNC ready?

From a governance perspective, what do you need to do ensure compliance with the ACNC Governance Standards? Contrary to the beliefs of many, the process is not an arduous or expensive one. In order to address the five governance standards, organisations might find it helpful to develop or review and update a board charter and make sure that their constitution reflects the purpose of the charity.

A board charter serves a number of important functions as the top-level policy document:

- Serves as a reminder for the board of the legal framework within which it operates,
- Documents the policies that the board has decided upon to meet its legal and other responsibilities,
- Assists the organisation's leadership in delivering good governance,
- Is a point of reference for disputes,
- Serves as an induction tool for new directors and senior managers, and
- Leave a legacy from today's board to future boards.

BUT charters will only be value creating, if they are carefully crafted and used as well as regularly updated.

Potential issues arise with charters if they are not updated to reflect:

- Changes in the law or regulatory environment;
- Good practice;

- They mistakenly delegate powers as contemplated by s. 198D of the Corporations Act or constitution;
- They conflict with the organisation's constitution;
- Roles and responsibilities lack clarity;
- They are at odds with the way the board actually operates (do as I say, not as I do); and
- They are ignored by board members and there are no consequences for doing so – i.e. is there a code of conduct?

The introduction of the ACNC Governance Standards provides an opportunity for all charities (and not-for-profits) to update or develop their board charters, while at the same time addressing the ACNC Governance Standards in the following manner:

1. Purposes and not-for-profit nature of a registered entity

If you have one, the objects of your constitution should clearly state the actual purpose, i.e. what the registered entity (or organisation) is here to do. Further, your board charter, which operationalises the constitution, should clearly define the purpose of the organisation and in doing so also clearly state its character as a charity or not-for-profit organisation. Finally, organisations will be required make information available to the public about the organisation's purpose, this could be done by publishing your board charter (or parts thereof) on the organisation's website.

2. Accountability to members (where applicable)

A board charter can document how the organisation, through the board, is to be accountable to its members and the process through which members can raise concerns about the governance of the organisation through the board. It is recommended that these processes be documented in a board charter, rather than in the constitution, as any future changes to the processes will require an Extraordinary General Meeting or Annual General Meeting to approve the changes to the constitution.

3. Compliance with Australian laws

While registered charities are being regulated by the ACNC, they must still be aware of their responsibilities to the Australian Tax Office, Australian Securities and Investments Commission, the relevant state or territory regulators of incorporated associations and other regulators of the organisation's activities, since not all regulatory and reporting functions will transition to the ACNC. As such, it is extremely important that the board clearly articulate to the public how the organisation will

¹See section 205 30 of the ACNC Act 2012 for the definition of a responsible entity.

²G. Kiel, G. Nicholson, J.A. Tunny & J. Beck, 2012, Directors at Work: A Practical Guide for Boards, Thomson Reuters, Sydney

“Because a thing seems difficult for you, do not think it impossible for anyone to accomplish.”

Marcus Aurelius

be governed in compliance with the Australian laws, in particular preventing the misuse of assets. This again can be achieved by ensuring the board charter clearly states the expectations of board members with regards to conflicts of interest and conduct throughout the organisation.

4. Suitability of responsible entities

This standard requires a ‘responsible entity’ (usually a director)¹ to ensure that it is not disqualified from managing a corporation or has not been disqualified from being a responsible entity by the ACNC Commissioner in the previous 12 months. The registered entity must further maintain those conditions and if the conditions are breached, take steps to remove the responsible entity from the position. While the wording may be confusing, this standard primarily seeks to establish processes to ensure that each individual director is fit and proper to govern the organisation. These processes and the fit and proper requirements should be documented in the board charter. The organisation may also consider enhancing this standard to undertake a formal skills assessment of the board members, including how their experience and competencies assist the organisation to achieve its strategy. Finally, this standard can be enhanced by having a clearly articulated assessment process for the other officers, but as a minimum one for the chief executive officer – to ensure the organisation is managed effectively and according to the expectations of the board.

5. Duties of responsible entities

Without clarity of the duties of directors and other officers, it is very easy for an organisation to become dysfunctional. This standard not only seeks clarity around roles of directors and officers, but encompasses the key duties of directors from the Corporations Act. These specific requirements should be clearly documented in the board’s charter.

There are many frameworks around which a board charter may be developed, the Corporate Governance Practice Framework², shown below, was originally developed over 15 years ago, and recently enhanced to reflect the roles, functions, processes, activities and dynamics of Australian boards in the 21st century. The information discussed in *Directors at Work: A Practical Guide for Boards*, supported by the generic board charter template in Appendix 1 of that book, will assist organisations to develop or revise their current board charters to ensure they are ACNC ready.



James Beck
Managing Director
Effective Governance

James is presenting a workshop at 11:40am on Saturday

Corporate Governance Practice Framework



Philanthropy's Crystal Ball

PHILANTHROPY | TERESA ZOLNIERKIEWICZ

When Alfred Felton was approaching death in 1904 he had recently completed the finishing touches to his unique and generous bequest. With the extraordinary size of the bequest and the enduring focus on purchasing artwork, in just over 100 years his gift would deliver \$2.2 billion worth of art to the National Gallery of Victoria and a comparable amount of value to charities favouring women and children.

In his own art-crammed rooms in the Esplanade Hotel St Kilda, Felton, who made his fortune initially on the Victorian goldfields, may well have mused about how his philanthropic gift would be received and what his bequest would achieve across the centuries, structured as it was for perpetuity.

As trustee of Felton's bequest and of hundreds of similar charitable foundations, we reflect on the lessons of the past in philanthropic work, and gaze into a crystal ball to identify the trends emerging today.

1. The changing profile of the philanthropist

The profile of the philanthropist is changing. Unlike Felton, such bequests do not come only as a surprise after death. As well, they are no longer the province of the super-rich.

'Giving while living' is an accepted and embedded element of the philanthropic scene in 2013. Today's philanthropists are more likely to engage actively in their giving to causes and organisations. As their giving intentions grow they establish charitable foundation structures, similar to Felton's, in their lifetime and add to these structures in their wills. The trend for today's philanthropists is to apply their problem solving and entrepreneurial skills to social problems. As a result, philanthropy has become more visible in Australia and a new culture of philanthropy is emerging.

Women are an important part of the emerging culture of philanthropy. While women on average earn less than men and thus the quantum of their giving is smaller, the percentage of their giving relative to income is higher. Further, more female taxpayers than male taxpayers

engage in giving. Women philanthropists are poised to emerge and transform the practice of philanthropy in three ways: firstly with their networked and linked-up approach to giving; secondly with their emerging interest in giving to causes that focus on women and girls; and thirdly with their compassionate approach to supporting charities in justice and equity endeavours.

2. The momentum of the 'Giving Pledge'

Bill Gates and Warren Buffett have actively recruited global billionaires to pledge the majority of their wealth to philanthropy. Gates and Buffett's travels and ability to connect with like-minded people means the giving pledge is gaining momentum around the globe. This campaign is set to define giving in this decade, just as 'Live Aid' defined giving in the 1980s. The emerging lessons will help shape the next decade and beyond.

Of the 1,266 of the world's billionaires, 105 have made this public moral commitment and 12 of these are non-US signatories. Their pledge letters create intimate portraits of wealth and attitudes to wealth that are enlightening and sometimes sobering. Andrew and Nicola Forrest are the first Australian billionaires to commit to the pledge. There are a further 29 billionaires in Australia yet to take this step. This campaign has

the power to transform attitudes to giving globally. It has publicly shone light on a conversation that in the past was purely and fiercely private.

3. A global mindset on giving

The third trend is the emerging global mindset on giving. Our borders are increasingly porous when it comes to commerce and education – why not philanthropy?

Philanthropists seek the most effective and efficient ways to apply capital to catalyse positive social change inside Australia's borders and also outside. Over the next decade, the constraints on applying philanthropic funding outside Australia's borders will be challenged by the growing cohort of international and multi-jurisdictional citizens who engage in philanthropy. They demand an unimpeded view of the world rather than a myopic view of Australia's state and national borders. Global

Over the next decade, the constraints on applying philanthropic funding outside Australia's borders will be challenged by the growing cohort of international and multi-jurisdictional citizens who engage in philanthropy.

and cross-border approaches to philanthropy, including diaspora philanthropy will gain traction.

4. New models of financing for social good

The application of income or earnings to philanthropic giving has long been the accepted source of funding. Assets, the other portion of private wealth, in the form of investable assets, and/or endowed foundation assets, are now being explored as a means of providing working capital for charities. There are various ways this may occur, including the introduction of Social Impact Bonds which are currently on trial in Australia and elsewhere globally. More philanthropically-minded people are now considering the trade off between financial returns and social returns. It will be vital to measure performance on a multitude of levels and this will require further development.



rather than for ‘donors’. There is a need for specialists in asset management who can construct new risk models and provide more robust advice to philanthropists and investors. It is important to satisfy a philanthropist’s need for achievement and success to ensure giving progresses, continues and develops. There is a need for wealth managers to open conversations about

giving with their clients. And there is a need in Australia to more actively ask people to start giving, or to give again.

The most recent gift from the Felton Bequest to the National Gallery of Victoria is a work of art by Kohei Nawa from Japan. It is a taxidermied New Zealand red deer standing over 2 metres tall, studded with crystal balls [pictured]. With Felton’s directive to his trustees many decades ago to ‘raise and improve the public taste’, it’s an example of how his philanthropy continues to inspire, surprise and shine.

5. The need for professional advisors and skilled intermediaries in philanthropic services

All these emerging trends demand skilled advisors and intermediaries in philanthropy, particularly as the opportunities become more complex. There is a need for measurement and evaluation specialists to assess performance outcomes for the new ‘social investors’



Teresa Zolnierkiewicz
Head of Philanthropy,
Global Wealth and Private Banking
Teresa is presenting a workshop at 11:45am on Sunday

How I Learned to Stop Worrying and Love the Risk

RISK AND LEADERSHIP | TRENT DEAN

Fact: 'My name is Trent and I take risks.'

While this may sound like a paradoxical statement given the inherent conservatism of my chosen profession I still, however, assert that this personal disclosure holds true.

Fact: 'I was not always this way.'

In my earlier years I often procrastinated when making a decision, either personally or professionally. At times this was born of irrational fear but, more often than not, it reflected a need for greater control over my life.

What happens if I say this or do that? Will there be more negative outcomes than positive? How will I deal with any unwanted consequences? This inner dialogue could continue for days or weeks depending on the perceived importance of a decision before me. As a result, I often took no action in order to avoid the risk completely. In the past I would have described myself as being risk averse.

Yet, even with my risk averse tendencies I found that some of the 'safer' decisions I took turned out to be unmitigated disasters. Then there were times when I nervously threw caution to the wind only to find that my ambitious gamble paid off, albeit with chest pains and some minor gastric ulceration.

Through these experiences I learned one of life's great lessons: despite our best efforts to determine all the 'known knowns', and even the 'known unknowns', we can never foresee all the 'unknown unknowns'. This revelation was a game changer for me.

It highlighted to me that whilst risk is inherent in almost

everything we do, we must still take risks in order to achieve our goals.

Beyond this personal insight I formed the view that most organisations are essentially led by three styles of leadership.

The first type of leader is the **risk averse**. They can always find a multitude of reasons not to take an action that creates risk for the organisation or themselves. They often befriend the risk manager to garner support for saying 'no' or avoiding a decision that they might be held accountable for. They want high levels of controls and bureaucracy so thick you can't sneeze without having it approved in triplicate for fear that a flu pandemic may wipe out the organisation. For them the potential for loss is always greater than any rewards that they might ever hope to gain. Think of the insurance salesman played by Ben Stiller in the movie *Along Came Polly*.

The second type of leader is the **optimistic gambler**. They have their eyes firmly fixed on a desired outcome and need to achieve it at any cost. Naysayers and panic merchants have no place in their world and this can include risk managers. For them it is all about the end result and they won't be slowed down by risk analysis and the implementation of controls. They are prepared to take a chance because the desired reward is worth more to them than any loss they may experience. Think of the professional stuntman Johnny Knoxville in any of the *Jackass* movies.

The third type of leader is the **innovator**. They are a blend of the optimistic gambler and the risk averse. They are pragmatic enough to consider the known risks and implement any required controls, yet remain steadfast in the achievement of future innovation and growth. Their

...we can never foresee all the
'unknown unknowns'.
This revelation was a game
changer for me.

The following table lists the characteristics and outcomes for each leadership style.

Leadership Style	Characteristics	Outcomes
Innovator	<ul style="list-style-type: none">• Takes calculated risks• Supports the implementation of controls• Is aware of potential gains and losses	<ul style="list-style-type: none">• Opportunities managed• Risk identified and managed• Growth and innovation
Optimistic Gambler	<ul style="list-style-type: none">• Takes unnecessary risks• Avoids the implementation of controls• Focuses on potential gains	<ul style="list-style-type: none">• Opportunities gambled• Risks are poorly controlled• Unpredictable growth and innovation
Risk Averse	<ul style="list-style-type: none">• Avoids taking risk• Supports the implementation of controls• Focuses on potential losses	<ul style="list-style-type: none">• Opportunities lost• Risks identified and avoided• Limited growth and innovation

“Once we rid ourselves of traditional thinking we can get on with creating the future.”
James Bertrand

concept of risk reward is similar to that of the optimistic gambler however their appreciation of risk management reflects that of the risk averse leader. Think of the suave heist mastermind played by George Clooney in the movie *Ocean's 11*.

You might argue that these three types are extreme and somewhat polarised. Nonetheless I challenge you to consider which leadership type you most relate to: the risk averse, the optimistic gambler, or the innovator? Or do you alternate between all three types depending on the circumstances?

So how can these three different leadership styles impact your organisation?

I support the view that risk management is ultimately about trying to balance risk with rewards. Further, I believe that for an organisation to be innovative and competitive whilst remaining in control there are two elements necessary to achieve effective risk management: an integrated and well communicated risk management framework, and the presence of informed leaders who can take calculated risks.

The following diagram illustrates the relationship between these two elements.



If an organisation has an integrated risk framework and implements high levels of control, but its leaders avoid taking on any risks in order to achieve their objectives, there is a chance they will miss out on opportunities.

Alternatively, if an organisation fails to integrate its risk management functions and its leaders gamble with its opportunities then they risk losing it all.

However, where an organisation has an integrated risk management framework, and its leaders are prepared to take calculated risks whilst still implementing effective controls, then they will manage their risk more effectively and position themselves for greater success.

In summary, good risk management is achieved when its important principles are embedded throughout an organisation, and its leaders are prepared to consider its impacts when taking risks in order to achieve innovation and growth.



Trent Dean

**Director – Assurance Services Division
Churches of Christ in Queensland**

Dean is presenting a workshop at
3:30pm on Saturday

When Should a Board Seek External Assistance?

BOARD MENTORING & COACHING | PAUL GROGAN

There are a myriad of reasons why a Not For Profit Board may seek external assistance.

From experience, the reasons tend to fall into one of the following three categories:

1. A **well-established board** which is looking to take their Board performance to a new level and has an appetite for change and improvement.
2. A **new board** which is looking to establish an effective foundation to guide its deliberations and ensure that all the directors are on the same page when it comes to their roles and responsibilities.
3. A **dysfunctional board** which has lost its way due to internal conflict or external pressures and needs assistance to get back on track.

When working with a Board, it is important to determine whether they are looking for a Mentor or a Coach. The two terms are often used interchangeably, but I support the proposition by Matt Starceovich Ph.D. who maintains that the roles are unique and need to be carefully considered when choosing the appropriate approach.

Matt proposes the following definitions:

- “A mentor is like a sounding board, they can give advice but the Directors are free to pick and choose what they do. The context does not have specific performance objectives.
- A coach is trying to direct the Board to some end result, the Board may choose how to get there, but the coach is strategically assessing and monitoring the progress and giving advice for effectiveness and efficiency.”¹

Mentoring leans towards a two-way relationship where the mentor is more of a facilitator or teacher, who guides

the Board and supports them to discover their own direction and needs. A key element of the relationship is that the Board chooses their Mentor and determines the length and frequency of the relationship.

On the other hand, the Coach designs specific skills to be learnt, sets challenges for the Board and identifies performance expectations. According to Matt, “the Coach has a set agenda to reinforce or change skills or behaviours.” A Coach tends to have more of a project focus with the Board and the end results are discussed and timelines set.

It is important to recognise that the role of both a Mentor and a Coach can be valuable in their own right, but the key is to get the match-up right.

It is important to recognise that the role of both a Mentor and a Coach can be valuable in their own right, but the key is to get the match-up right.

Some Boards respond well to strong direction from someone who can demonstrate their skills and knowledge in the field of good governance, while other Boards are looking at the journey that such a person can take them on.

There are no set rules, it is very much a case of choosing the right approach for the right situation, and engaging in an open and frank discussion from the outset.

Finally, I strongly advocate the view that Good Governance is more of an art than a science and that the process is often as important as the outcomes.

¹ Matt Starceovich: *Center for Coaching & Mentoring, Inc. Coach, Mentor: Is there a difference?* 1998.

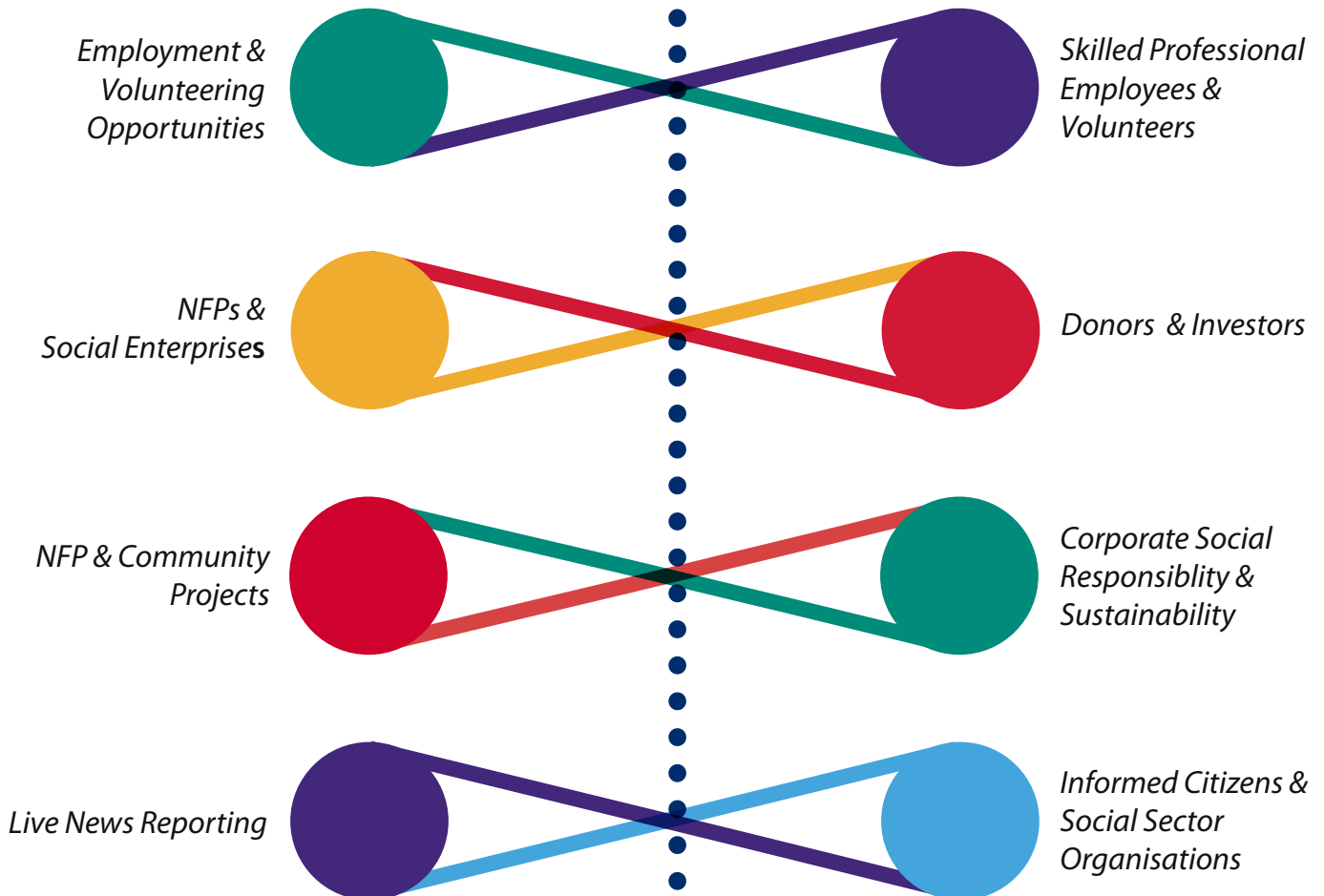


Paul Grogan
Managing Director
MDO Consulting

Paul is presenting a workshop at 11:45am on Sunday



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Helping One Helps the Other

ORGANISATIONS WORKING TOGETHER | HON. ROBYN KIPPENBERGER

SPCA and Woman's Refuge work together to prevent family violence.

In 2011 Royal New Zealand Society for the Prevention of Cruelty to Animals (RNZSPCA) commissioned research to ascertain the circumstances of risk to animals and humans in domestic violence situations in New Zealand. The object of the study was to measure the prevalence of the risk to animals caught in domestic violence situations and the effect that may have had on the ability of humans at risk to exit violent relationships. We also sought possible solutions and positive outcomes.

Working in full cooperation with New Zealand Women's Refuge, the "Pets as Pawns: the coexistence of animal cruelty and family violence" research proposal gained New Zealand Government Lottery funding of \$101,000.00. Surveys and in-depth interviews with both Women's Refuge clients and SPCA staff were carried out in 2011 and the study was completed for publication in March 2012.

The research findings were graphic and shocking and mirrored that of similar studies in the United States and, indeed, referenced them to give weight to the report. The women's voices spoke clearly throughout the report of animals being used in all manner of domestic violence and abuse. Some of the most disturbing scenarios involved coercion, by threats or abuse of animals to gain power and control over partners and families. The psychological effects of these incidents were clearly deemed, by the victims, to be equally damaging and disempowering as direct personal violence.

Just as importantly, many SPCA staff were found to be unaware of the situations that families in crisis faced. Access to shelter, likelihood of euthanasia and asking for a fee to take an animal were all seen as barriers to ensuring the safety of both the animal to be surrendered and the human victims trying to find a safe haven for their pets.

It was clear that communication between the two charities at both local and national levels was a key factor in protecting both animals and human clients.

Throughout the process of interviews, report writing, final findings and then public release and promotion of "Pets as Pawns", our agencies liaised closely. We found many commonalities in our work and also found some immediate practical solutions to the problems the research reported.

Once the research was released, Women's Refuge CEO Heather Henare, Kaitiaki Research director, Mike Roguski and I, as CEO of RNZSPCA, presented the findings at the national annual SPCA conference, NZ Companion Animal Conference and the annual Women's Refuge Conference. Joint media releases were widely reported and there were numerous television and radio interviews.

Outcomes have been immediate. The Veterinary Council of New Zealand formed a working party to produce a guideline for vets. This will enable them to recognise the signs of both animal abuse and the possibility of their clients being at risk in domestic violence. This practical publication advises the possible steps to be taken, and agencies to contact, if violence towards animals or families is suspected.

As the study was the first to include rural women in its sample, rural support groups also met to discuss how they can address the risks rural women are subject to. NZ Police have also included the research in their policy development around family violence in New Zealand

The result of one animal welfare agency and one women's welfare agency working together has been much more than the sum of its parts. In this case we have, to date, five significant outcomes:

- Our charities are working cooperatively in an on-going

We found many commonalities in our work and also found some immediate practical solutions to the problems the research reported.



References:

For research release and PDF

<http://rnzspca.org.nz/about/news/press-releases/414-pets-used-as-pawns-in-domestic-violence>

<http://www.womensrefuge.org.nz/WR/News/Pets%20used%20as%20Pawns%20in%20Domestic%20Violence.htm>

"A leader is best when people barely know he exists, when his work is done, his aim fulfilled, they will say: we did it ourselves." Lao Tzu

MOU to achieve better outcomes for the animals and women that are our responsibility to protect. Understanding and communications have improved and outcomes are already evident.

- Other agencies are involved in making a safer environment for both human and animal domestic violence victims. Both the veterinary association and the police are changing the way they view violence to animals related to their human families.
- Funding has been found to assist both Woman's Refuge and SPCA to achieve the objectives of the report. Grant money, sourced by SPCA, has already enabled a new woman's refuge to build accommodation for their clients' pets. Both the local council and police assisted with this project.
- Government is aware of the research and supportive of our desired outcomes. We benefit from our agency co-operation at Government level as the New Zealand

"Working Together" fund is now accessible to us both for future proactive work to keep our families safer.

- Government will be approached to assist with funding to exit and care for animals that could delay victims of violence from seeking safety (a finding of the research).
- Public awareness of the link between human and animal abuse has been heightened, assisting us all in our endeavours to provide a safer environment for animals and their families at risk.

Foot note: Our research will reach across the Tasman – "Pets as Pawns" will be presented at the 2nd Crime, Justice and Social Democracy Conference to be held in Brisbane in July 2013



Hon. Robyn Kippenberger
National Chief Executive Officer
Royal NZ SPCA

Robyn is speaking in the plenary session at 1:45pm on Sunday

Services

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Governance, Strategic & Management Services

Your community business (NFP) is no doubt a distinctive and unique organisation, delivering a range of quality services and/or products. For many boards, chief executive officers and senior management teams the challenge for the future is to:

- understand the emerging big picture of their industry/sector,
- identify and address the critical internal issues and challenges, and
- determine the ideas and opportunities that will assist in positioning their organisation for the future.

For over 25 years Michael has worked with more than 5000 leadership teams of NFPs throughout Australia, facilitating a wide range of strategic discussions, decisions and directions.

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Mindfulness in the Australian Boardroom – Do Less and Accomplish More!

MEDITATION FOR DIRECTORS | ROBERT GORDON

Mindfulness has made big inroads into the executive space but it's yet to gain serious traction in the Australian boardroom.

That's not surprising, given the conservative nature of the boardroom. The main reason is that directors are generally unaware of the value proposition, personally and collectively. Meanwhile, offshore, there is a global revolution in process — Mindfulness is being advocated by high profile business leaders and adopted by elite corporate organisations, business schools and medical institutions.

Silicon Valley, the most productive, creative and profitable business sector in North America hosts an annual Mindfulness conference, Wisdom 2.0, “addressing the great challenge of our age: to live connected to one another through technology, but to do so in ways that are beneficial to our own well-being, effective in our work, and useful to the world.”

Thousands of Google's staff complete “Search Inside Yourself,” an in-house course designed to teach Emotional Intelligence through Mindfulness. Google spokeswoman, Katelin Todhunter-Gerberg, told the Associated Press that she has “used mindfulness to help her be less irritable and take things less to heart”.

Silicon Valley's commercial interest in Mindfulness is summed up by Twitter's Strategic Advisor, Chris Sacca:

“I think the next wave of what is actually happening in Silicon Valley is this wave of meditative awareness. People are realizing, ‘I have optimized my machines, my software...’ yet we are beginning to realize that no matter how great a technological device we buy or how great our network is, the real source of potential is in ourselves.”

Apple Computers, Twitter, eBay, SKYPE, Facebook, Cisco Systems, Yahoo, Google, GE, Deutsche Bank, Aetna, Merck, Target, Nike, Time Warner, General Mills - the list goes on - are exploring how meditation can help their leaders and employees enjoy success. The benefits are widely publicized – sustained attention span, improved multi-tasking abilities, strengthened immune

system, increased emotional intelligence, improved listening skills.

The experience is supported by science. Research is fast concluding that sitting still (skillfully) for defined periods of time is very productive. Mind/Body Medical Institute at Harvard University found that meditation enhances the qualities companies need most from their knowledge workers: increased brain-wave activity, enhanced intuition, better concentration and the alleviation of stress and the kinds of aches and pains that plague employees most.

Business Schools, including The Drucker School of Management, The Wharton Business School, Claremont Graduate University and Harvard Business School

offer instruction in Mindfulness and Virginia Tech is sponsoring “contemplative practices for a technological society,” a conference for engineers who integrate contemplative disciplines into their work.

While the idea of Mindfulness originates in the serious practice of meditation, business school faculties say it has many applications for executives who aren't looking for a spiritual fix but simply want “to clear their heads

and become aware of reflexive, emotional reactions that can lead to bad decisions.”

So what are these practices that are making such an impact on business and researchers globally? What is ‘Mindfulness’?

Mindfulness is the practice of paying attention, to the present moment, on purpose, non-judgmentally. Meditation is the most widely practiced method of cultivating Mindfulness and has considerable benefits to the individual and the organisation.

Anyone can learn meditation. It's simple and it doesn't require any special equipment. You can practice meditation whenever and wherever you can sit in a chair. I use it a lot on international flights and arrive rested and alert. This is because meditation is a type of mind-body complementary medicine producing a deep relaxation reflex that de-stresses the practitioner.

“The man who moves a mountain begins by carrying away small stones.” Chinese Proverb

An article in *Psychiatry Research Neuroimaging* by researchers from Harvard Medical School, University of Massachusetts Medical School, and the Bender Institute of Neuroimaging in Germany, found that brain activity changed in a group of 16 participants who had not previously meditated. Among the enhancements: learning and memory processes, emotional regulation, and perspective taking.

A study at American University published in 2009 in *Cognitive Processing* found that meditating college students experienced enhanced brain activity resulting in benefits that would be highly desirable for any director or CEO:

- Gaining a new perspective on stressful situations
- Building skills to manage stress
- Increasing self-awareness
- Focusing on the present
- Reducing negative emotions and reactivity
- Reducing mental noise

Business leaders can develop, through Mindfulness, a flexible confidence that is ready to learn, reassess, and adapt in the face of novel problems, dissonant voices, and unforeseen opportunities. Consequently, they can

adopt an attitude of curiosity, consider other options and make a discerning decision.

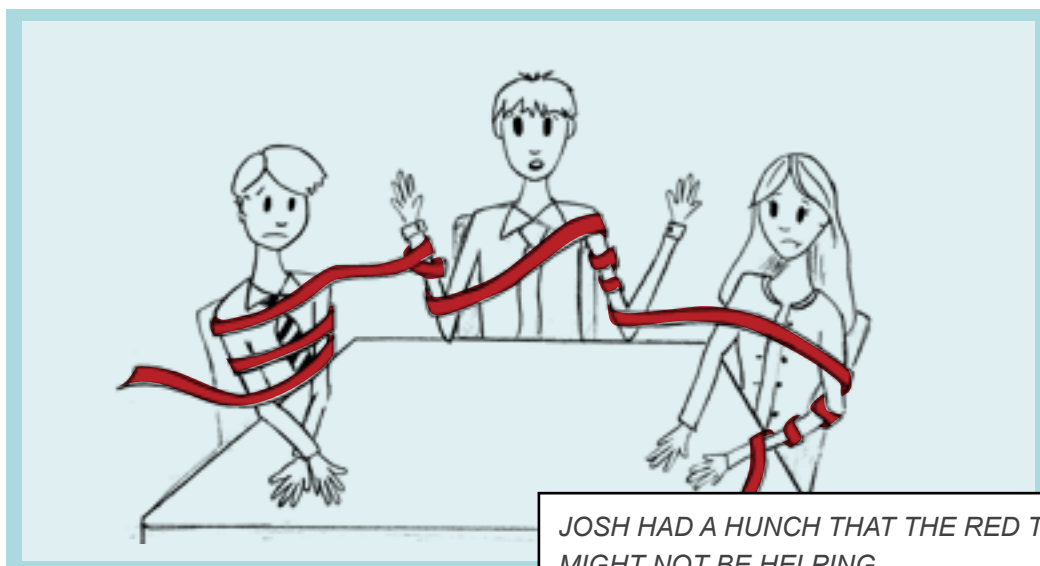
In collaborating and consulting in the Boardroom, my aspiration is to positively impact personal and organisational effectiveness. In this respect, I don't see Mindfulness as a 'remedial' activity but rather as a capability accelerator.

In the last 5 years there has been a surge in the number of boardrooms electing to participate in rigorous review processes and be more accountable. This in turn has slowly given purchase to the idea that boardrooms can benefit from professional development as well. Given the huge potential value of Mindfulness Meditation to director well-being, capability and boardroom alignment, I expect a surge of uptake in the coming years.



Robert Gordon
Director of Programs
Board Accord

Robert is presenting workshops at 11:40am on Saturday and at 11:45am on Sunday



Reviewing your Constitution – Food for Thought

CONSTITUTION REVIEW | VERA VISEVIC

Importance of your constitution

Your constitution (or sometimes referred to as your governing rules or charter) is the document that governs how your Not-for-Profit (NFP) organisation operates. It is a legal document — a contract — and its terms must be complied with at all times.

Your constitution must comply with the laws that are relevant to your NFP organisation which may be the *Corporations Act 2001 (Cth)*, or the *Associations Incorporation Act* of your State or Territory. If your organisation is a charity, your constitution will also need to comply with the *Australian Charities and Not-for-Profit Commission (ACNC) Act 2012* and the associated Governance Standards which will be effective as from 1 July, 2013.

Review your constitution regularly

As part of good governance, you should review your constitution from time to time to ensure that it reflects your current objects, activities and operations, and so that it does not risk any tax endorsements or concessions that your NFP may currently enjoy. It is also important to ensure that your processes continue to be workable and sufficiently flexible to meet your practical needs.

We generally suggest a constitutional review every two to three years, but if your organisation is a charity, you may wish to review your constitution sooner, to ensure that it complies with the recent changes introduced by the ACNC.

What you should focus on

A constitution can be overwhelming. We provide you with some **food for thought** by setting out below **three key areas** that are most susceptible to variation, highlighting several areas which we consider you should focus on during your review.

1. Objects

Your constitution must correctly reflect your organisation. In the ever-changing NFP sector, it is common for organisations to depart from their originally determined path, meaning their current objects and activities may be out of sync with those stated in their constitutions.

Considerations

Do the objects in your constitution:

- Reflect what your organisation is actually doing? It is a good idea to also check the objects against what your website represents that your organisation does.
- Reflect the purpose of your organisation?
- Satisfy the criteria to enable the organisation to be eligible for appropriate tax endorsements and concessions? Do you need to consider ATO criteria or ACNC criteria and the new definition of charity from 1 January 2014?
- Allow your organisation to develop and do the activities it wishes to do in the future?

As part of good governance, you should review your constitution from time to time to ensure that it reflects your current objects, activities and operations, and so that it does not risk any tax endorsements or concessions that your NFP may currently enjoy.

"I cannot give you the formula for success, but I can give you the formula for failure, which is: Try to please everybody." Herbert Swope

2. Board/committee

There are many structures your board/committee can adopt. Is the structure you currently have working for you?

Considerations

- Is the procedure stated in the constitution for appointing/electing board/committee members still being applied, or do you need to change it to reflect what is actually happening in practice?
- Are you satisfied with the size of the board/committee?
- What about the term of the board/committee members? Do you have a good rotation policy so that you have a mix of experienced board/committee members and new blood on your board/committee?
- Are directors/committee members required to be members of the organisation? If so, will those members be able to bring the range of perspectives necessary to ensure robust decision making?
- Does the constitution set out the office bearers that you wish to have on your board/committee? Are the provisions regarding their election/appointment and term clear? Is the statutory role of secretary/public officer appointed in accordance with the legislation that applies to your NFP?
- How are vacancies dealt with in the constitution? Does the procedure work in practice?
- The procedural aspects of convening board/committee meetings should be reviewed, for example, what is the required notice period, and would this allow directors/committee members to meet their care and diligence obligations in all circumstances?
- Are you paying your directors/committee members? Is your constitution clear about what exactly they can be remunerated for?
- Do you have alternate directors? This is a governance issue. If you do wish to allow directors to appoint an alternate director in the event that they will not be able to attend board meetings for an extended period of time, do you require the appointment of such alternate directors to be approved by the board beforehand?
- Does your board/committee have the power to co-opt directors? Most NFPs these days are moving toward this so that the board is able to meet any skill shortage it may have.

3. Members

Does your membership structure work for you?

Considerations:

- Are the eligibility criteria for membership and/or classes of membership appropriate? Should you streamline the classes or introduce more classes with potential financial benefits? Do the eligibility criteria for membership contravene the *Competition and Consumer Act 2010 (Cth)*, and do any of the Objects risk contravening the same Act?
- Do you have or need corporate members? If you have corporate members, is there a "Representative" clause in the constitution?
- Does the membership application procedure work for you? Are potential members nominated and seconded, thereby giving greater control to the members?
- When was the last time you reviewed your membership fee rules? Are members being charged too much or not enough? Does the power to set fees reside with the directors/committee members who have a fiduciary duty, or with the members who have no fiduciary duty?
- Does your organisation follow the dispute resolution procedure as set out in the constitution, or do you need to amend it so that it works for you in a practical sense, while still complying with the principles of natural justice?
- Generally speaking, are your members clear about what they are permitted to do under the constitution? You may find it useful to explain to members that they may, for example, vote at annual general meetings and may call special general meetings.



Vera Visevic
Partner – Not-for-Profit
Mills Oakley Lawyers

Vera is presenting a workshop for board chairs at 4:35pm on Friday

Achieve Your Goals Through Great Board Recruitment

BOARD RECRUITMENT | RON SCOTT

“Ron can I ask you a favour?”

I had picked up the phone and heard a stranger’s voice. Angela is the Chair of the local branch of a national organisation.

“You don’t know me but you came highly recommended as someone we should approach to join our board.”

“I’m far too committed already. I don’t like to over promise and under deliver. I am sure you have members who would love to be a member of the committee.”

“Well yes we do,” replied Angela, “But you have exactly the skills that our discussions have indicated are missing on our current board.”

My ears pricked up. Here was an organisation that had done the analysis and was not just trying to fill seats.

“Who else is on the board?” I asked.

The names were a mix of people I knew, others I knew of and some who were unknown to me. As Angela went through the names and explained their backgrounds I recognised that this organisation habitually considered the gaps and identified the right person to join the group. Angela knew how each person contributed. I liked the idea that not only did each member make a contribution but they understood their contribution. I agreed to meet the Manager and Chair. A week later I was treasurer of Age Concern, an organisation I had not hitherto been involved with or considered joining.

So what did they do right to get me to join when my first reaction was to say “No”?

Firstly, they identified that I had specific skills to offer that were missing from the board. I was not being asked because they needed a well known name or someone to get a donation from or because no one else would stand.

Secondly, I was impressed by the other board members. This was a team with a purpose and they meant to achieve it. As a prospective board member I liked the

potential for achievement and the fact that each member understood the contribution they made to the work of the board.

Thirdly, Angela was persistent (more than I indicated in the conversation above). I did say “No” to start with but she suggested I meet the others before giving a final answer.

Fourthly, there is a history of process and systems that suggested that what I was being promised was real. I was not being arm-twisted onto this board under false pretences.

Finally, the purpose of the organisation was a paramount concern. I chair the Community Health Advisory Committee of the District Health Board and know that an ageing population is a huge issue. The purpose of Age Concern met my need to be involved at ground level.

Angela had a shrewd idea before she phoned me that these boxes would be ticked.

What is your process for finding board members or trustees?

1. Do you understand the skills of current members and identify the gaps in knowledge or skills that need to be filled? Or do you twist the arm of the first person you can think of. How do you communicate to your potential recruit that they will be a valued member? Having skill gaps on a board will virtually guarantee that the organisation will not be as successful as it should be.

2. How well can you explain the particular contribution that each current member makes to your board? Do they know? A little self analysis will ensure that there is a gentle encouragement for time servers to step up or move on. It also means that as a board you can initiate training opportunities or ensure the right person goes to the right event outside the monthly meetings. Having uncommitted board members will cause some members to bear more of the burden than they should and may cause resentment.

3. Do you approach the recruitment task with persistence? Angela was able to be persistent because

I recognised that this organisation habitually considered the gaps and identified the right person to join the group... I liked the idea that not only did each member make a contribution but they understood their contribution.

*"A great person attracts great people
and knows how to hold them together."*
Johann Wolfgang Von Goethe

she had certainty about what value I would bring to the board and an idea that I would benefit from being a board member. They wanted a Treasurer with knowledge of the sector. She identified my need: to add value and to learn more about the sector. I wasn't joining because I needed to do some community work as I am already involved heavily on other groups. I certainly was time poor for more voluntary work so there had to be a real benefit for me to add another voluntary position. The needs might be very different in your organisation: One person might be persuaded to give of their skills to get them out of the house, another to build additional skills for their CV and another because of a personal connection with the purpose of the organisation.

4. Systems and processes. Make it easy for your volunteers. Use templates for meeting minutes and agendas. Keep records of who helped out at last year's major fundraising event. Show these to your potential recruits to give some sense that they will not have to reinvent the wheel. If you have paid staff ensure that the potential recruit meets the manager.

5. Commitment to the purpose of the organisation. It is not necessary for everyone to have a personal connection to the purpose of the organisation. By that I mean that a hockey committee does not require everyone to be a hockey player. On a children's hospital foundation not everyone needs to be a parent of a

patient. All members must find a commitment to the purpose.

One last word about elected positions. Often board positions are supposed to be elected but there is only one candidate per position (if that). Provided the candidates have been approached with the points outlined above in mind then the board should be balanced. Where there are contested elections review the board when it first meets, identify the gaps in skills and knowledge and consider co-opting someone to fill the gaps.

Volunteers work for a sense of achievement. If a board is set up to fail because of a lack of skills, a lack of commitment or a lack of backup processes then the organisation is in trouble. Recruitment is important for not-for-profits, particularly for voluntary positions. Go about it with purpose and you will find your organisation is able to achieve its goals.



Ron Scott

CEO

Stellaris Ltd

Ron is presenting a workshop at
11:40am on Saturday

"Garry, this isn't quite what we had in mind when we asked you to find a board performance package..."



Board Members Can Prepare for Stormy Weather

FINANCIAL REPORTING | MORRI YOUNG

When I worked in a children's home as a child-care worker, the night shift ended with a coffee and a smoke (oh, those were the days) on the back step with Mick, the gardener. Mick had been working there for forever; he had come to the home from a career in the navy where he served in the Pacific, so the weather was his friend.

As we sat in the still morning, he told me how 'the meteorologicals' were his guide to his day. He was the first to the paper (the *Herald*, of course) and to the weather page which he stared at in silence. Where I saw lists of numbers and squiggles and contours, he studied every table, comparing the previous day with the forecast for the day ahead, looked over the long-range predictions, and absorbed every piece of data on the page. At the end of the process, he leaned back and we were free to talk again.

The 'meteorologicals' worked for Mick because he trusted the people who produced the reports, and because he knew how to read the tables, graphs and symbols.

Many years later, I now work with non-profit board members and CEOs to unlock the power of financial reports – the 'metereologicals' – in order for them to take control of the destiny of their organisations. Much has been done inadvertently to disempower non-profits in relation to making decisions about their money. Corporations Law, and some bad behaviour by directors; tax and compliance complexity; and closer scrutiny by funders and donors – have all amped up non-profit directors' fear of making a mistake. As non-profits come to handle larger amounts of funding, the risks of

error and fraud in the sector grow where internal controls cannot keep up with complexity and temptation.

The crossover of commercially experienced directors and CEOs into the sector serves to underline the gap in knowledge between those who have 'come up through the service' and those who have been trained to read complex financial reports. There is no differentiation in their responsibilities, and directors and CEOs are warned that 'leaving the numbers to others' is no defence in the case of insolvency or fraud.

The way out for non-profit decision-makers at board and management level is to be active and embrace financial intelligence. Only when board members, CEOs and managers truly understand how their organisations earn, spend, owe and own what they do, can they then take control of their financial destiny.

Non-profit organisations do better for their boards and staff – and therefore for their end users – when they understand how financial performance is measured and reported.

Revenue increases, and spending is better targeted, when everyone understands the money story.

Only when board members, CEOs and managers truly understand how their organisations earn, spend, owe and own what they do, can they then take control of their financial destiny.

Secondly, get some training. Board members and CEOs need to be able to read a Balance Sheet, a Profit and Loss to Budget Report, and a Cashflow Budget. Every board member. Every month. And understand them.

Whether decision-makers come through the ranks, or 'cross over' from the commercial world, they can benefit from understanding the nuance and differences of non-profit financial intelligence.

Here are three things that should be considered:

Find an external source of validation – a second pair of eyes – to provide comfort that the risks of error or fraud are limited. And this

is not just in the audit, which too often is superficial and limited in scope, but rather via a trusted provider who

*“Leaders must be close enough to relate to others,
but far enough ahead to motivate them.”*
John C. Maxwell

can walk beside the board and reassure them that all is well in the financial management, from the processing to the advice.

Secondly, get some training. Board members and CEOs need to be able to read a Balance Sheet, a Profit and Loss to Budget Report, and a Cashflow Budget. Every board member. Every month. And understand them.

And finally, get some good reporting, with dashboards. Like Mick's 'metereoligcals', a board's financial reports must be:

- **Timely** – too late and they are redundant for taking action.
- **Accurate** – providing confidence that there are no errors from the processing and coding through to the reporting.

- **Readable** – with basic training, the reports are comprehensible to all the decision-makers, and make use of formats that suit the readers – graphs, charts, symbols. Whatever it takes to make sense of the information.

Good decisions come from good information. And good reporting is how good information is conveyed to the decision-makers.



Morri Young
Managing Director
Matrix on Board

Morri is presenting a workshop at 3:30pm on Saturday

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“
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strong organisations.



L to R Nonie Wales, Nerida Nettelbeck, Morri Young

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New Directions in Directing

A NEW VIEW | PETER TUNJIC

Today's boardrooms are increasingly governed for weakness. Many directors no longer direct their organisation into strength but monitor and cross-examine their management out of fear and an unchallenged acceptance of a failing model of corporate governance. This must stop.

Experts and regulators cannot be allowed to fashion the boardroom through their distorted vision that focuses on individual and organisational weakness. We must build a new vision for the boardroom that concentrates on what directors can do to foster the strength, resilience and endurance of the organisation.

To stop governing for weakness and start directing for strength consider these 9 steps:

Step 1: Get Clarity

An organisation is a separate legal person. It has personal/individual sovereignty and owes nothing to any person that it has not promised.

An organisation's objective is to survive and grow in its own right. Start measuring for:

- **Strength (S)** Strength is a measure of intrinsic value created by trading through the best possible business model.
- **Resilience (R)** Resilience is a measure of the organisation's ability to make and keep the best possible promises.
- **Endurance (E)** The stronger and more resilient an organisation the longer it is able to fulfil its purpose.

Whatever an organisation's individual and unique purpose, they all share the same S.R.E objective.

Step 2: Get Commercial and Committed

Whether for profit or not, all organisations rely on trade and their commitments for S.R.E. Commercial is just another word for sustainable.

Get commercial by:

- calling "stakeholders" what they really are TRADING PARTNERS

- exchanging the best possible promises with all TRADING PARTNERS
- prioritising TRADING PARTNERS based on their contribution to S.R.E

Learn to direct by commitments to your organisation's members, each other, the state, your employees and all other TRADING PARTNERS.

Step 3: Get Beyond the Numbers

Get beyond numbers by focusing on assets then cash. Seek out and understand your organisation's assets and ask whether they are both valued and valuable to your trading partners.

Step 4: Get Perspective

No board can trade blind. Boards must work from business models and trading frameworks then financial models.

Financial literacy is pointless if a director cannot read the business model from which it is derived.

Every director must share an understanding of how the organisation works and how best to trade its assets. You can't imagine a team of surgeons having their own opinion of a patient's anatomy,

so why accept each director having a personal view of their organisation.

Step 5: Get Past Duties

Aim for S.R.E. Personal duty sets the bar too low. Direct within the law but not to the law.

Step 6: Get a Third Team

Boards do not direct alone. Everyone knows there is a line that divides the board and management. What we don't realise is that for some of the time they're on the same side of the line and need a plan to work together.

Directors are part of the "Third Team" made up of the board, the CEO, the executive and others. The Third Team is vital to an organisation's success and arguably the most neglected and misunderstood.

"Nothing destroys the spirit of an organisation faster than focusing on peoples weaknesses rather than on their strengths, building on disabilities rather than abilities. The focus must be on strength...the greatest mistake is to try to build on weakness" Peter Druker

Step 7: Get on Board with Mechanics and a Plan

All teams need team rules. Rules are the mechanics that connect the Third Team to an organisation's S.R.E.

- **Get Strategic**

To realise an organisation's S.R.E directors must be strategic in the way they spend their time and energy. Deliberately choose when to guide and motivate, when to commit, when to help and finally when to build and develop the board and the rest of the Third Team. These are the four "Modes of Directing". Switch the Mode of Directing to match the organisation's circumstances and realise your board's potential.

- **Get Tactical**

Shakespeare wrote "all the world's a stage, and all the men and women merely players. They have their exits and entrances: and one man in his time plays many parts..." So it is with the board and the Third Team. Every member of the Third Team has a different part to play depending on the Mode of Directing. The key is to adapt roles, behaviours and tasks to ensure everyone is aligned. Fail to adapt and you will break the mechanics.

Step 8: Get Fit

Get fit by:

- Testing for broken mechanics in your Third Team. What you think is a personality problem is probably broken mechanics.
- Learning and practicing the right mechanics. My steps won't fit into an orthodox world view. You'll need learn and adapt before you can put my steps into practice.

Step 9: Get Competitive

Get competitive by:

- Forgetting most practiced governance. It was never designed for the not-for-profit sector and, if you look at the evidence, much of what passes for best practice doesn't work.
- Focusing on S.R.E
- Using mechanics to develop a unique plan for your Third Team
- Building the talent, teamwork and leadership to execute on the plan.

Remember talent and diversity is not a strategy. No amount of talent will save a board whose only plan is to watch in fear.

It's your choice to take these steps and set out in a new direction or continue down your current path. As James McRitchie explains:

"Unlike the natural sciences, where paradigms are used to explain and predict, corporate governance is socially constructed. Paradigms in our discipline are normative models, used to discipline and guide. The major stumbling block to shifting paradigms is recognizing the element of choice. We aren't stuck with what we have. We can choose to move to a whole new paradigm, if it offers a better foundation for building the kind of world we want."

What kind of boardroom do you want? One governed for weakness or directed for strength?



Peter Tunjic
Commercial Advocate & Lawyer
Thoughtpost Legal

Peter is presenting a workshop at 11:45am on Sunday

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Information Flow is the New Cash Flow

ICT GOVERNANCE | HAZEL JENNINGS

Information flow is the new cash flow, quite literally, in the case of electronic funds transfer. More metaphorically, in the case of the myriad of electronic transactions collecting, storing and analysing data or those that carry conversations to plan and make decisions.

In both cases, if the flow stops, the organisation stops. Yet Information and Communications Technology (ICT) governance lags far behind fiscal governance in most organisations. It begins and ends with minimising costs, fretting about social media and obtaining (often untested) assurances that the back-ups are regularly taken.

The ISO/IEC standard 38500 for corporate governance of information technology owes much to the earlier Australia standard AS 8015. It identifies three clear duties of ICT Governance as shown in Figure 1.

There is a clear advantage in having some technical skills around the board table to support the evaluation function. It is also the only cost effective way most charities can gain expert insight when developing plans and policies. The environmental scan needs expertise to answer strategic questions about which technologies have the potential to mitigate operational pressures and to meet mission needs. However, less specialist knowledge is required to direct and monitor ICT operations as a cash flow analogy shows. Boards may be surprised to know that by considering their information flow in the same way as their cash flow, they

can strengthen their governance of ICT without additional training.

In some instances the words cash and information can simply be interchanged.

Both must be controlled. Policies and procedures are needed for cash or information to:

- Ensure efficient and complete collection
- Store safely and securely
- Control access
- Use (spend/report) effectively to supply business needs
- Ensure sufficient is available at all times to meet operational needs.

The analogy gets a little looser when you start to consider inflows and outflows. It's less about positive and negative; more about collecting and reporting. Funders are never impressed if you can't report accurately and in a timely manner and regular shortfalls may put the funding in jeopardy. Then there is the cost of collecting, storing, processing and using information. This may be more complex than bank charges and interest rates but value and performance are just as important.

The "hot topic" of privacy also stretches the cash flow analogy; more so for charities than commercial organisations. Transparency of cost structures and distribution of spending often needs to be disclosed to donors; something a commercial company would consider commercially confidential. However the concept of keeping private information safely under lock and key does have similarities to the handling of cash. Your



Figure 1: The ISO/IEC 38500 Model for Non-Profit Governance of ICT

“Leadership and learning are indispensable to each other.” John F. Kennedy

organisation needs to know where it is, who has access and must record transactions accurately. Those records

Boards may be surprised to know that by considering their information flow in the same way as their cash flow, they can strengthen their governance of ICT without additional training

and policies may not (yet) require auditing but you may need to justify events and security measures if a complaint is made.

Privacy is starting to generate a compliance burden. Legislators on both sides of the Tasman are strengthening provisions for audits, reporting standards and consumer rights. Privacy complaints need to be managed as carefully as consumer complaints. Both have a legislative framework. Both require that policies and procedures are in place to ensure complaints can be answered when they arise as well as determine how they will be dealt with. Refunds are not possible but disclosing and correcting information may be required. And then there are thefts or privacy breaches. There have been a lot of these in the news over the last few years and the reputational risk for not-for-profit organisations is clearly considerable. The media will be all over the situation, you'll have to apologise to donors and other stakeholders for embarrassment or worse, you can be sued for damages and need to prove to others that you've repaired the damage in order to start restoring trust. In these circumstances, fundraising will suffer.

The final similarity is in the operational / governance split. Most of the work involved with cash flow is a management issue and so it is with information flow. But it is the board's responsibility to provide strategic direction, ensure compliance and hold management to account.

Is your board as effective with information as it is with cash?



Hazel Jennings
Principal
Dale Jennings Associates
Hazel is presenting a workshop at 10:30am on Saturday

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Case Study: Board Succession Planning

BETTER BOARDS MENTOR | GUIDANCE FOR NFP DIRECTORS AND CEOS

Better Boards Mentor helps non-profit leaders and directors to develop their knowledge and skills. The case study below is a sample of the practical content available to Better Boards Mentor members.

In this case study, Ruth Pitt and Warren Tapp offer their practical advice on the following fictitious scenario:

Community Builder Ltd is a large non-profit that works to create sustainable communities in remote areas. Since its founding five years ago Community Builder Ltd has never had a board member change. Due to various unforeseen health, personal and business issues many of the board members have experienced, the organisation has lost the majority of its board members in the past 8 - 12 months.

The remaining board is now in disarray and has spent many months haphazardly trying to find new board members to fill the positions. They have advertised in local newspapers, approached local community members, gone to business networking events to find board members and spoken to board members of other non-profit organisations, but were unable to find anyone for months.

Recently they managed to find one new member from within the remaining board members networks, but they still have several other positions that desperately need filling as the remaining board members are unable to continue shouldering the additional responsibilities and are lacking several key skill sets the board lost when old board members resigned.



Ruth Pitt
President (Board Chair)
YWCA Canberra

Ruth is presenting a workshop at 11:45am on Sunday

1.

With a little creativity, challenges can become opportunities. The challenge of maintaining a strong board could have been an opportunity for Community Builder Ltd to contribute to communities in a valuable way, by growing the local pool of board-ready candidates.

At the YWCA of Canberra, we run workshops on board skills, such as Governance and Finance, for women who are interested in joining non-profit boards. This develops the interests and skills of potential board members for our organisation and for other non-profits in the Canberra community. We also run a successful board traineeship program, where women with little or no board experience are given the opportunity to participate in the board for a year, without incurring the obligations of directorship. These traineeships are seen as a valuable opportunity and, after some years of developing the program, we now attract many more applications than positions available.

If Community Builder Ltd had implemented similar programs, they would have had the opportunity to contribute to their community, promote the work of their organisation, and identify future board members – potentially avoiding the problem of a board member vacuum.

2.

In the short term, the Community Builder Ltd board needs to ensure that the remaining members don't burn out. They should carefully consider their current roles and forward program of work, and make some tough decisions about what is essential and what could be deferred until they have a stronger board. The board also needs to protect the organisation by seeking professional advice if decisions are required in the areas where they currently lack skills and experience.

A next step is to consider the reputation of the board and the organisation in the local community. Joining a board in disarray is not usually an attractive prospect! The lack of interest in the board positions suggests the work of Community Builder Ltd is not well-known or appreciated,

Key questions:

1. What measures could the Community Builder Ltd board have implemented to ensure they would never have a board member vacuum when the time came for board members to leave?

2. What key actions can the Community Builder Ltd board take today to get its board back on track?

or perhaps the board is seen as being overworked or fractious. The board should develop a strategy to raise awareness of the organisation (perhaps by taking the opportunity to trial social media) and improve the board's reputation (perhaps by being seen working together at community events).



Warren Tapp
Managing Director
Fultonshire Pty Ltd

1.
To ensure there was no board member vacuum, like the one they are now experiencing, the old Board should have established a Remuneration and Nominations Board committee.

It would have the role of continually searching for potential candidates for the Board so that it always had interested people with the right skills available if asked. Prior to this the committee will have done a skills audit to identify what skills they are missing or will need in the future. There should have been defined terms for the Chair and each Board member so that the committee can plan ahead, knowing when they may lose current Board members at the end of their term. The word Remuneration is in the committee name because it has the role also of reviewing and recommending to the Board the total remuneration package for the CEO based on current market rates.

I also suggest the board could have considered the concept of paying fees to the Board members to recognize their time and commitment. Not for Profits cannot afford to operate effectively with a Board that are all volunteers as board members usually have many other pressures on them from their own work and families. Nor can they say that they cannot afford to pay the Board as it is often a small amount relative to the turnover of the organization.

In my experience it changes the mindset of such Board members to their role. After all these people are Directors of a Company Limited by Guarantee with all the liabilities of any Director of a For Profit company under the Corporations Act.

2.
To get the Board back on track now I suggest the remaining Board members, led by the Chair, define the skills they are seeking for new members and decide if they want to pay fees to Board members (This may need a change to the Constitution).

Once they know what they are looking for they can commence a search. The best method today is to list the vacancies on the free AICD website seeking applications, with all enquiries from interested people being directed to the Chair of the board. There are many people, who have excellent skills, looking to join NFP Boards to gain Director experience.

Alternatively the Board may have to consider paying fees to a Board search company or recruitment consultant to expedite the process, although that will not be inexpensive. Another option is to search the members database in the organisation to identify potential Board members, as there may be member who have an interest, this will often be demonstrated by their membership and support.

The Chair will need to take responsibility for driving the process in a coordinated manner with a timetable and process to follow. Depending on the Constitution the Board may need to hold an extraordinary general meeting to gain members approval for any new appointments. Finally the Board should have a frank discussion about the reasons that some Board members have left and why it has been so hard to find others.

Is there a reputation problem with the organisation? Could the reputation issues be why people shy away after all these months? If their Board searching has been haphazard as the case study indicates, does that mean the Board is not well organized or led and potential candidates so far have seen that?

Once they have found the new Directors then succession planning and continuous searching for future candidates should go on to prevent this problem happening again.

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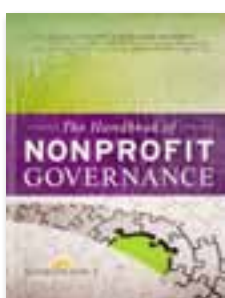
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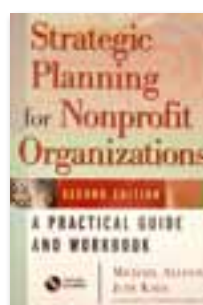
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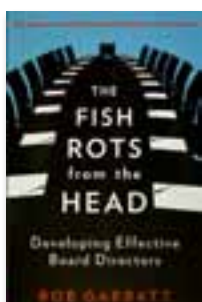
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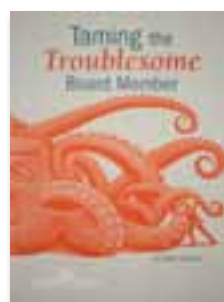
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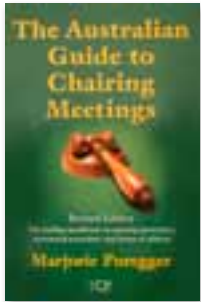


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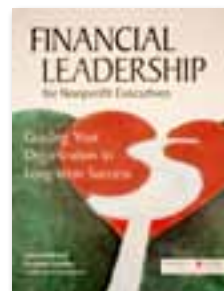
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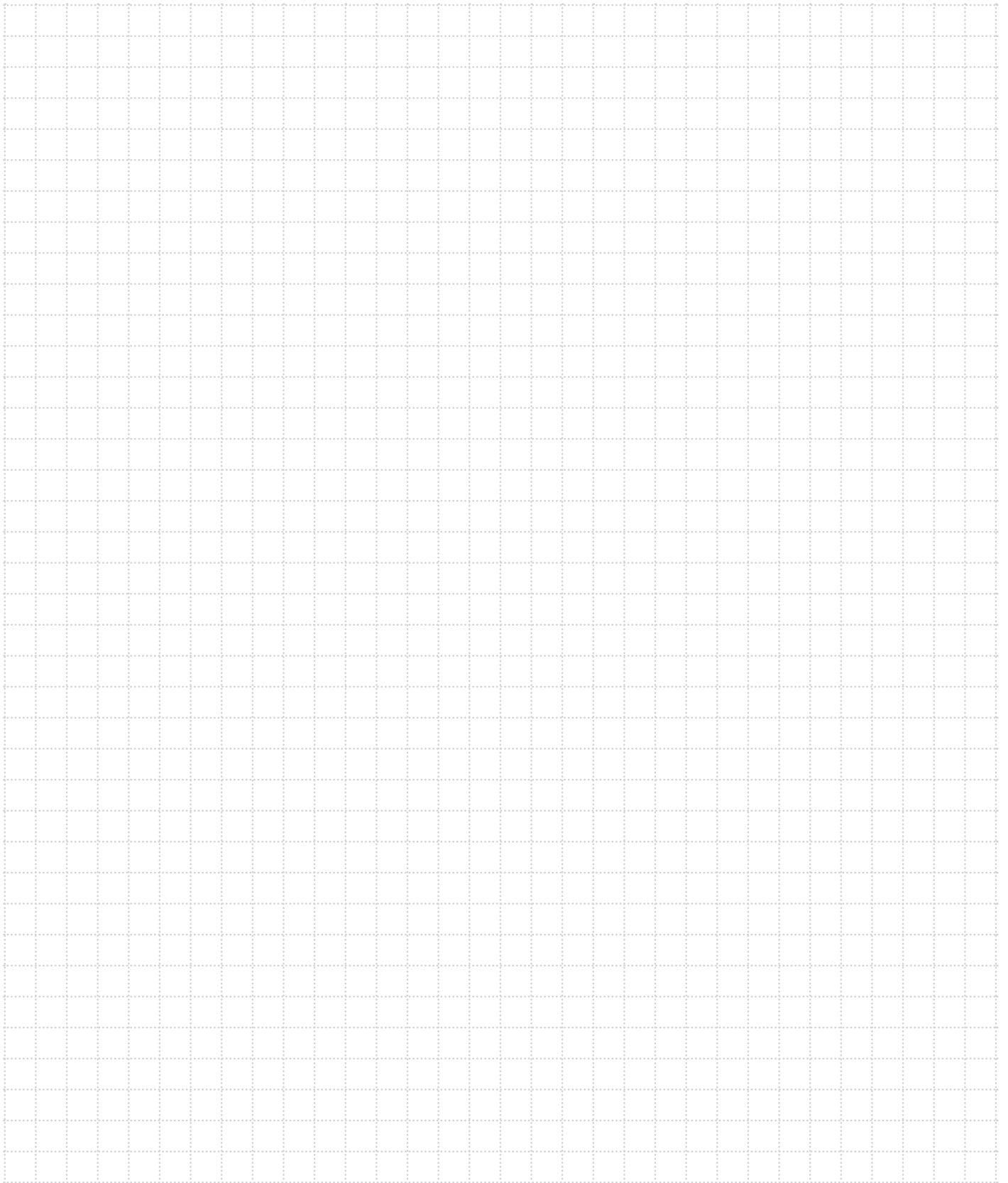
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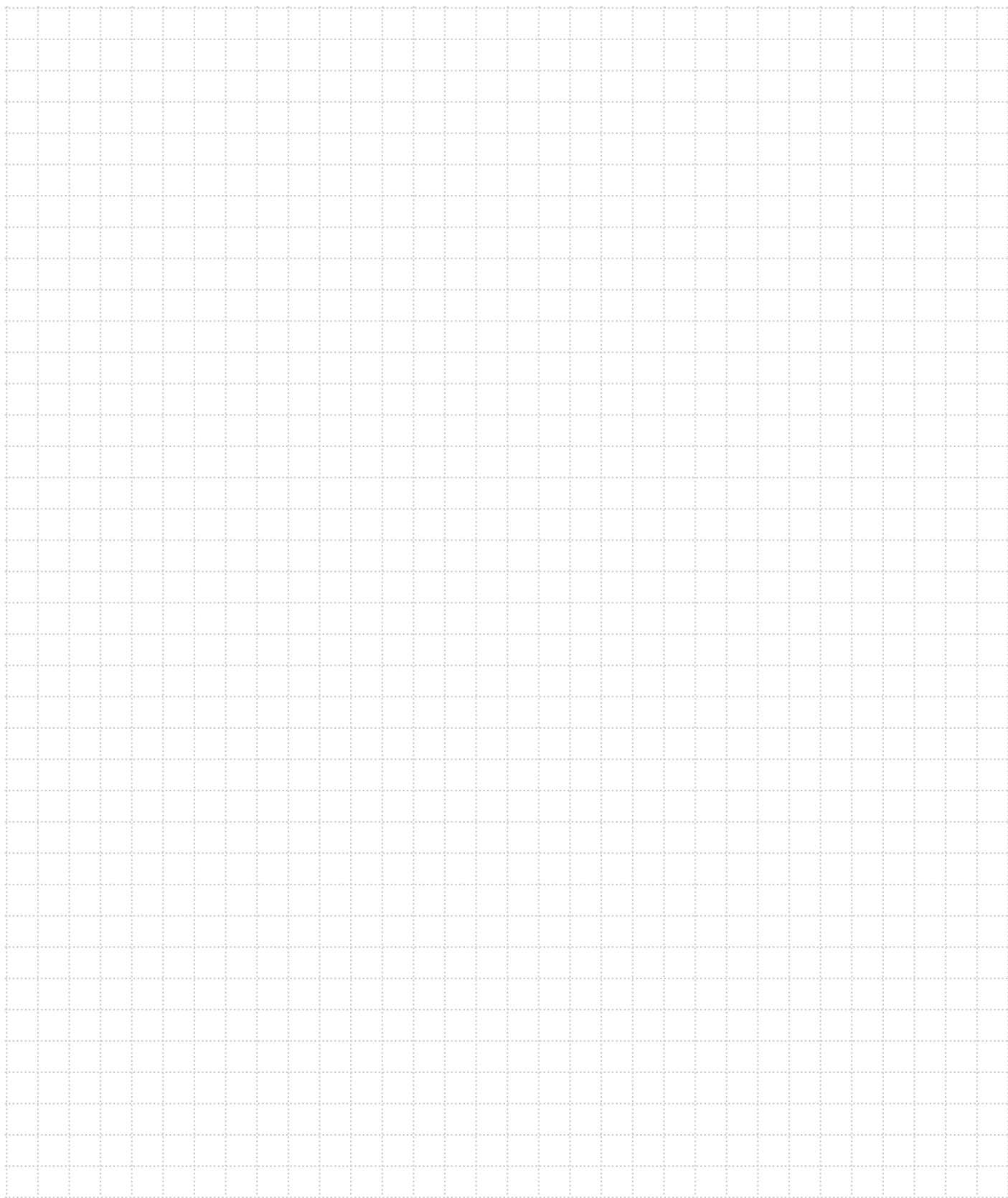
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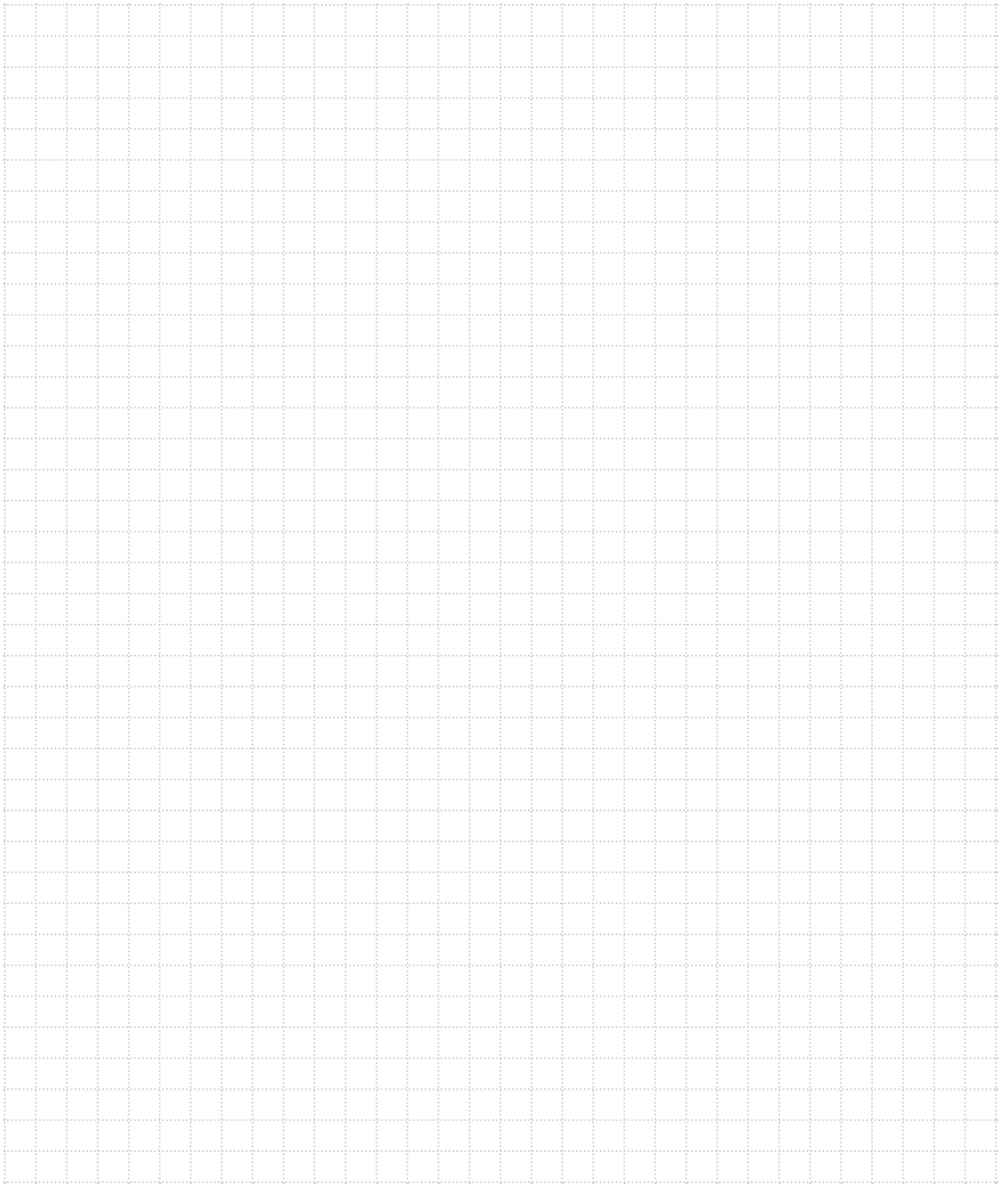
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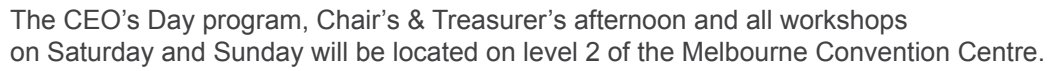


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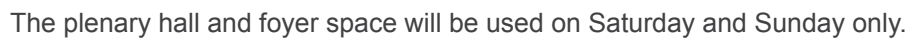
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