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The needs of our community organisations are as varied and unique as Australia.

We've been involved and working with these organisations for nearly 200 years. That's why we understand the importance of having specialised community banking solutions and dedicated social sector bankers to enable that good work to continue.

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### Welcome from the Premier Partner



The Better Boards Conference 2015 is an exciting opportunity for leaders in the social sector to make valuable connections, engage in strategic discussions and drive cross-sector understanding. The ability to support those who are inspiring change and action in our community is a real point of pride for our people. And that's why Westpac is proud to be this year's Premier Partner.



We are proud of our history of supporting organisations like yours that are the backbone of our country. We believe that with the right support, you can achieve just about anything. We have a team of social sector banking specialists who are ready to share their in-depth knowledge of the sector with you; they could help you boost your productivity and maintain sustainability — helping you to deliver your organisation's current and future goals and needs.

As Australia's first bank and oldest company, Westpac has walked this path. One of the advantages of our longevity is that we understand that change is essential, rather than optional. We're committed to being adaptive, innovative and operating with integrity. We're focussed on being a great service company, helping our customers and communities to prosper and grow.

On behalf of Westpac, I recognise your commitment to building a better Australia. This is a commitment that Westpac shares through our local banking teams and active engagement by our staff in the communities we serve. I hope you enjoy an insightful conference and return to your organisations with the passion and purpose to chart those new horizons.

Regards,

Damien Cramer

National Industry Lead, Social Sector Banking

Westpac Retail & Business Banking





### 9th Australasian Better Boards Conference

THIS EVENT IS MADE POSSIBLE WITH SUPPORT FROM THE FOLLOWING GROUPS:

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### Message from the Conference Chair



A very warm welcome to the 9th Australasian Better Boards Conference, being held for the first time in its history in Queensland, at the Brisbane Convention & Exhibition Centre. This year's conference brings together a number of pre-eminent speakers who will unpack the theme 'Charting New Horizons: Governance with passion & purpose'.

For many directors, CEOs and senior managers, the strategies and projects associated with the transitioning of their organisation to the new, customer driven marketplace has occurred or are well underway. Therefore, 'Charting New Horizons' – envisioning the future for their organisations and developing associated strategies and projects – is now the name of the game. 'Governance with passion & purpose' recognises the reality that directors, CEOs and senior managers are bringing together 'head and heart', the business and service objectives and outcomes with the organisation's philosophy or reason for being of their organisation.

Features of every Better Boards Conference are the opportunity to network, make new contacts, gain new or enhanced learnings and understandings, have a laugh and return to the boardroom or senior management team meetings and projects with renewed enthusiasm, new ideas and pragmatic approaches to securing their organisation's success and sustainability. Keynote speakers and plenary and workshop presenters will provide conference delegates with sound practical frameworks, processes and tools, ideas or specialist information.

I would also like to take this opportunity to thank our sponsors, trade exhibitors and partners for supporting this event and helping to enrich the experience for delegates.

It is with great excitement and enthusiasm that I once again welcome you to be part of the 9th Australasian Better Boards Conference and its associated CEO's Day, Board Member Innovation Tour, Sprout Summit and the Gala Dinner. The knowledge and opportunities on offer form a very unique and openly valued governance and leadership event for directors, CEOs and senior managers.

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

Yours sincerely,

Michael Goldsworthy

Conference Chairman

### **Quick Reference Section Finder:**

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### Welcome from the Sprout Summit Partner



Feros Care is pleased to be one of the key partners of Sprout Summit and to have the opportunity to welcome tomorrow's leaders.

Feros is a community-owned not-for-profit organisation who is seen as a pioneer and leader in the aged care sector. We are recognised nationally for our innovation, excellence and for creating new models of care delivery and providing a positive workplace that

people want to be part of. We are committed in turning aged care on its head by celebrate ageing, and we encourage our seniors to 'get bold not old'.

As a future business leader or board director, I encourage you set a very bold vision for your organisation, to keep your decision-making and operations nimble and to invest in an energetic and passionate workforce who are willing to challenge the norm.

I believe that one of the biggest challenges faced by businesses is having the right mix of strong leadership, a dedicated team, and clearly articulated strategy. However, when businesses combine these ingredients, they are almost always winners.

I have been with Feros Care for almost 15 years, and in that entire time there are three things that have remained constant:

- A clear purpose for our organisation that is at the centre of our decision-making and priorities, which is to "support seniors to live their best life".
- A bold vision that we strive to achieve and that underpins our every strategy, which is "to be recognised globally for innovation in ageing services".

 Our commitment to our staff and volunteers, understanding intrinsically that our workforce creates our reputation, achieves our mission and enables our organisation to achieve our vision.

I urge you to use the Summit as an opportunity to learn from your peers, make valuable contacts and to share ideas and visions. This is the approach I take personally, as well as on behalf of Feros Care.

On a final note, you are tomorrow's business leaders, so 'be bold'. Feros Care can vouch for the value of having bold ideas, making bold decisions, and being brave enough to be an industry leader.

Regards,

Jennene Buckley

Chief Evenutive Officer Force Co

lenne Rickley

Chief Executive Officer, Feros Care







### Welcome from the Lord Mayor

It gives me great pleasure to welcome delegates attending the Better Boards Conference 2015 to Brisbane. One of the world's most welcoming cities, Brisbane's friendly locals are always ready to roll out the welcome mat and ensure your visit is a memorable one.

Constantly evolving with new offerings, Brisbane gives you the quintessential Queensland experience from a convenient urban base – world-class brand and boutique shopping, a cutting-edge culinary scene, eclectic markets, vibrant venues and distinctive precincts with their own unique personalities.

Brisbane is earning a reputation for its burgeoning cultural and events scene, including blockbuster shows, international sporting matches, exclusive exhibitions and fantastic festivals such as the current Queensland Music Festival. Events including this year's Asia Pacific Triennial of Contemporary Art, Brisbane Asia Pacific Film Festival and the Asia Pacific Screen Awards showcase Brisbane as a cultural epicentre in this important region.

Brisbane sits at the heart of an area boasting World Heritage-listed national parks, beautiful islands, pristine beaches and a picturesque rural hinterland boarded by the Great Dividing Range where you can find the freshest Australian produce. If you have time, I encourage you to get out and about in Brisbane and its surrounds – you won't be disappointed.

I commend our vibrant and energetic city to you and wish you a productive and enjoyable Better Boards Conference 2015.

Graham Quirk

Lord Mayor of Brisbane

### Information for Plenary Q&A Sessions



Use your smartphone or web device to ask questions during Q&A times in the plenary sessions. The aim is to allow more people to participate and influence the session by voting up questions of interest.

You do not need to download anything, it works on the web browser on your smartphone, tablet or laptop.



1. Launch your web browser on your smartphone, tablet or laptop.

**BBC2015** 

2. Enter http://phlive.at into the address bar.



3. Enter passcode:







Q&A Session:

Post questions of Vote by tapping on the arrow Tap on the back arrow to go back



Remember to keep your phone on silent when in session.

### Program, Board Member Innovation Tour

**FRIDAY JULY 24** 



#### Quick overview:



### **TOUR OVERVIEW**

The Board Innovation Tour will take delegates on an excursion to several diverse organisations around Brisbane, where strategies and innovations employed to address organisational challenges will be discussed in the frame of the 2015 Better Boards Conference theme, Charting New Horizons: Governance with passion & purpose.

Lunch will be held at The Charming Squire brewhouse where you will be free to network with tour participants and representatives of the innovation tour venues. This is a unique opportunity to get out and about with your 'board member' hat on, and hear ideas, innovations, strategies and experiences with a range of other directors.

The tour will depart from and return to the Brisbane Convention & Exhibition Centre.

### Program, CEO's Day

FRIDAY JULY 24

#### Quick overview:



### **Speakers**

### **OPENING KEYNOTE**

9:10am

### Charting New Horizons in Entrepreneurial Culture and Business Sustainability



Ronni Kahn – CEO, OzHarvest

Commercial methods and practices which encourage innovation can build stronger non-profits that are much more effective at helping society. Ronni Kahn's entrepreneurial leadership style has helped her to build an organisation that charts new horizons in the non-profit arena. In this presentation Ronni will discuss the value of strategic decision-making and the development of an entrepreneurial culture to ensure the sustainability of your organisation. She will speak candidly about some of the challenges OzHarvest has faced at a governance level as her organisation continues to grow and evolve.

Ronni Kahn founded OzHarvest in November 2004 when, while working as an events organiser, she was stunned by the amount of food wasted by the hospitality industry and decided to do

something about it. Ronni was instrumental in changing the existing legislation across four states that had prevented food donors from supplying excess food. Since its inception, OzHarvest has delivered more than 30 million meals to women, children and men in need while also having rescued over 10,000 tonnes of food from ending up as landfill and waste. Ronni has been recognised as a leader in the fields of entrepreneurship, social impact and innovation and has been awarded with numerous achievements for her work and commitment to the community.

### **CEO's Concurrent Workshops #1**

SELECT ONE



### Creating a 'Sponsorship Friendly' Organisation



Abby Clemence - Managing Director, Infinity Sponsorship

Sponsorship is a business deal and a commitment to an ongoing relationship, not a private funding model that simply provides financial investment. One reality of sponsorship seeking is that it takes a whole organisation to deliver on the promises you make to sponsors. That's why it's vital to have internal buy-in at the highest levels. Without internal understanding and support of your sponsorship goals, your organisation will not be able to maintain long-term partnerships. Abby dispels myths around corporate sponsorship and

provides practical and easy steps to get your organisation's sponsorship strategy on track and heading towards success.

### **Achieving Scale Through Networking and Partnerships**



Damien Cramer - National Industry Lead, Westpac Social Sector Banking Partnerships between public, private and social sector organisations can help create beneficial social change – so what factors are crucial for success? When is a partnership the right path for achieving your social purpose? What factors should leaders seek in prospective partners and to ensure their organisation is partnership ready? How can boards support the organisation's leaders in maintaining effective partnerships? Barry will consider the factors to create a sustainable partnership that can ensure success for your organisation.

### Strategy Analysis for Better Board Decisions



Tim Coventry - Consulting Director, Business Analysts Pty Ltd

The accelerating pace of change is having a marked effect on how non-profit organisations devise and implement organisational strategies. The strategic planning process needs to include a structured analysis based on data and benchmarks. Driving strategy is about knowing the organisation, understanding key strengths, weaknesses and ultimately values of the organisation. Strategy analysis is the best technique to illuminate the true value of an organisation. This session's case studies look at how strategic analysis was

used to combine value chains, business process, requirements, rules and information to drive better board decisions.

### **CEO's Concurrent Workshops #2**







#### Mining Your Own Resources – How to Get the Edge



Natalie Elliott - Grant Program Manager, Equity Trustees Ltd Natalie will discuss the changing way NFPs look for commercial opportunities to seek sustainability in their income. This involves getting an understanding of what your organisation's value is to the wider community

and finding ways to commoditize it. Learn what opportunities are already in front you, get clear on the cost/ benefit analysis of funding opportunities and get savvy at making a pitch and making your organisation investable. Don't just think like an NFP, find ways to become commercial to support your organisation's vision.

### Protecting Your Income Tax Exempt Status: Two New Additional Tests and the ATO View



Victor Hamit - Director, Wentworth Lawyers Pty Ltd

In June 2013, the then Labor Federal government introduced two new additional tests for charities and non-profit organisations to qualify for income tax exemption. There was little fanfare and little consultation. The wording of the amendment was capable of being interpreted strictly and therefore to the disadvantage of charities and non-profit organisations. The ATO has since issued a draft ruling to explain its views on the amendments. This presentation will cover a suggested procedure and template to assist organisations in

self-assessing their income tax exempt status and therefore provide a defensive position against ATO audits and queries.

### A New Funding Model – How to Construct a Multi-Source Income Stream for Your Organisation



Jo Scard – Founder and Principal, Fifty Acres

Gone are the days where organisations can rely on either government funding or member subscriptions as their sole income source. In the current fiscal environment organisations need to be equipped to create multi-source income models. This presentation will address establishing your potential income sources, how to identify and engage with your targets, long-term financial goal setting and how to utilise marketing, communication, social media and policy initiatives to grow your income. Learn how to move forward with

confidence to create a successful multi-source income stream for your organisation.

### **CEO's Roundtables**

### CHOOSE THREE TABLES



The CEO's Day round table session aims to create an open environment to meet other leaders from the non-profit sector and discuss ideas, issues and solutions with reference to the conference theme.

Informal discussions stemming from the topic starting points listed below will be hosted at facilitated tables. There will be three rotations of **25 minutes** each.

- Table 1. How to Plan for Your Organisation's Strategic Communications and Engagement
- Table 2. What Every CEO Needs to Know About Fundraising
- Table 3. How to REALLY Engage the Constituency to Build the Organisation
- Table 4. Reinventing the Business and Service Model to Capture New Revenue Streams
- Table 5. Building and Sustaining a Culture of Innovation
- Table 6. Maximising Technology for Better Client/Service Outcomes
- Table 7. Amalgamations, Mergers and Partnerships Securing Your Organisation's Future
- Table 8. How to Strengthen Relationship Processes in the Leadership Team
- Table 9. The Emerging Realities of a Customer Driven & Competitive Marketplace
- Table 10. A CEO's Reasonable Expectations of Board Meetings in Achieving Purpose and Compliance

### **CEO's Challenges**

### CROWDSOURCING FOR CEOS





The CEO's Day challenges session aims to open the conversation and unleash the problem solving powers of the greater group. This highly interactive session will kick off with a live vote on pre-determined challenges, and continue with an open mic brainstorm and discussion facilitated by the conference MC Darren Isenberg and conference chair Michael Goldsworthy.

### CLOSING KEYNOTE

### Forging Strategic Relationships and Finding Collaborative Opportunities

4:00pm





Lincoln Hopper – CEO, MS Queensland

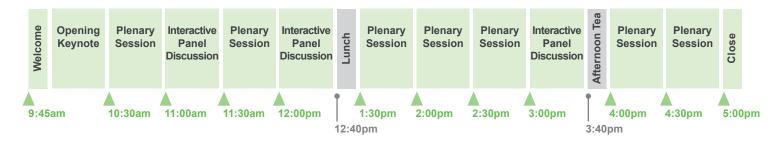
Lincoln Hopper will be closing CEO's Day with a keynote presentation on the growing importance of the ability of for-purpose sector CEOs to seize new opportunities through collaborative relationships and alliances. His presentation will highlight the successes, failures, practicalities and challenges of this process. Drawing on research as well as experience, Lincoln will present a case study of a current collaboration he is forging amongst 10 Queensland non-profit agencies, known as the NeuroCare Network. Along the way, Lincoln will also touch on leadership topics such as personal resilience and developing coping strategies in recognition of how challenging the process of forming partnerships can be.

Lincoln initially began his working life as a chalkie at the Sydney Stock Exchange and quickly became a licensed stockbroker, but turned his back on a promising career in pursuit of "something more". Lincoln has spent the last 25 years working in the health and community service sector and has more than 15 years' management experience. A recent highlight for Lincoln was MS Queensland receiving top honours in the 2014 PwC Transparency in Reporting Awards. In June 2013 Lincoln founded an alliance now called NeuroCare Network – made up of 10 neurological not-for-profit organisations across Queensland. The Alliance discusses common sector issues including funding, policy, legislation, service delivery and care models as Australia prepares for the rollout of the NDIS.

### Program, Sprout Summit

FRIDAY JULY 24





#### OPENING KEYNOTE PRESENTATION

10:00am

#### The Power of One - A Mission to End Human Trafficking



Stephanie Lorenzo – Founder & CEO, Project Futures

Stephanie was introduced to the issue of human trafficking after reading the heart-wrenching biography of Somaly Mam, a Cambodian woman sold into prostitution as a child. Stephanie chose to combine her passion for the cause with her skills in events and marketing and founded an organisation to help make a difference. In its first five years, her organisation Project Futures raised over AUD\$2.1 million for their anti-trafficking projects. In April 2013 Stephanie became the first full time paid employee and is growing the organisation at

a rapid pace. In this presentation, Stephanie will trace her journey and the lessons learnt in building a non-profit startup.

### PLENARY PRESENTATION: Joining My First NFP Board

10:30am



Rhys Williams - CEO, The Makers Inc.

Rhys will speak about the journey he took in becoming a non-profit board member. His presentation will highlight the benefits, challenges, risks and realities of this journey and how passion-based board positions can lay a solid foundation for future opportunities in the sector.

### INTERACTIVE PANEL DISCUSSION: Joining My First NFP Board

11:00am





Rhys Williams - CEO. The Makers Inc. Keryn Curtis - Board Member, Arts Health Institute

Following his presentation, Rhys Williams will be joined by Keryn Curtis to field your questions and discuss in further detail the key points to consider when joining your first non-profit board.

### ENARY PRESENTATION: The Role of the Board in a Start-Up NFP

11:30am



Howard Nielsen - Board Chair, Samford Commons Ltd

Howard Nielsen will speak on the process of establishing a board for a start-up NFP and the board's role in launching an organisation. How can you ensure you compose a board that has the right fit for the organisation? What is the board's role in determining the organisation's purpose, strategy, governance and driving stakeholder commitment? And how can you decide who decides who decides all of these things?

Howard's presentation will be followed by a panel discussion incorporating a range of views on this process.

### INTERACTIVE PANEL DISCUSSION: The Role of the Board in a Start-Up NFP

12:00pm





Howard Nielsen - Board Chair, Samford Commons Ltd Rhys Williams - CEO, The Makers Inc.

Following his presentation, Howard Nielsen joins a panel that will field your questions and discuss the topic in further detail. Howard is joined by the CEO of The Makers, Rhys Williams.



# Check out the SproutCast podcast for interviews with social innovators online at http://sproutsummit.com/podcast/



### PLENARY PRESENTATION: Growing a Sustainable Solution: OzHarvest's Story

1:30pm



Ronni Kahn – Founder & CEO, OzHarvest

Ronni will speak about her entrepreneurial experiences and some of the challenges and "a ha" moments she experienced creating and leading OzHarvest. Ronni will talk about the importance of being passionate about the work we do and will speak candidly about the qualities she seeks in her board members.

### PLENARY PRESENTATION: Social Enterprise - Ensuring Success

2:00pm



Joanne O'Brien – Partner, CRH Law

When operated effectively, a social enterprise can achieve a social, cultural, community or environmental outcome and generate revenue. However, like any business it requires much more than the right goals and intentions. The focus of the presentation will be how to establish a social enterprise that will be commercially successful and sustainable. To assist in understanding what drives success in social enterprise, this

presentation will provide emerging leaders with insight into the key legal issues, how to structure a social enterprise, not-for-profit tax considerations and the importance of connecting social enterprise to mission.

### PLENARY PRESENTATION: Legal Obligations of NFP Directors

2:30pm



Sophie McNamara – Lawyer & Pro Bono Coordinator, Ashurst

Non-profit board members have personal legal obligations to do the right thing, but don't be scared off — being on a board is a great thing to do! In this presentation Sophie will provide an introduction to legal obligations of a director and some suggestions for meeting those obligations and becoming a champion for good governance on your board.

### INTERACTIVE PANEL DISCUSSION: Getting Started... Your Legal Q&A

3:00pm



Joanne O'Brien – Partner, CRH Law Sophie McNamara – Lawyer & Pro Bono Coordinator, Ashurst

Joanne O'Brien and Sophie McNamara will form a panel to discuss their topics further and field all your legal questions.

### PLENARY PRESENTATION: Scaling Social Enterprise for Maximum Impact

4:00pm



Peter Ball – Managing Director, Yonder Co.

Scaling social enterprise for maximum impact starts with the design of the impact model and equally the business model. This integration is not enough if the venture is not outcome-oriented towards its intended social goals. Are all activities linked to the positive outcomes endeavoured to achieve? Does the positive contribution grow equally with the business? If both answers are "yes" we have built the foundation of

scalable social enterprise that creates maximum impact. In this presentation Peter will discuss how co-designing solutions with stakeholders and leveraging people with purpose in the enterprise will become the building blocks of high impact enterprises.

### CLOSING PRESENTATION: The Practicalities of Funding a Social Enterprise

4:30pm



Tom Dawkins – Co-Founder & CEO, StartSomeGood

While previously profit-creation was thought to be the sole focus of business, and welfare the sole focus of charities, a new wave of entrepreneurs are challenging this separation by launching social enterprises which combine business and charity. Social enterprise can be a highly scalable and impactful way of driving positive changes in our society or providing services to ignored communities, but getting a social enterprise

off the ground can be extremely challenging! In this presentation Tom Dawkins will cover some of the pros and cons of this model and some of the options for raising money and launching your enterprise.

### Program, Better Boards Conference



**SATURDAY JULY 25** 

#### Quick overview:



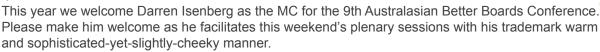
### **Speakers**

### YOUR MASTER OF CEREMONIES





Darren Isenberg



### PREMIER PARTNER'S ADDRESS





Susan Bannigan - CEO, Westpac Bicentennial Foundation

The surest path to future prosperity is through guiding and educating the leaders who will shape the social and economic progress of our nation. In this presentation Susan will outline why investing in community leaders is a shared responsibility to ensure that Australia advances with new perspective, new insight and new skills. She will discuss the value and benefit of investing in leadership for social change and the practical application of this outlook for community leaders and their organisations.

Susan has worked closely with community groups, social entrepreneurs and the business sector to support new innovations in addressing the complex issues of homelessness, long-term unemployment, social inclusion for refugees and those living with issues of mental health in

communities across Australia. Prior to joining Westpac, Susan spent three years in investment banking in London and five years as a Chartered Accountant with KPMG in Sydney, Solomon Islands and Paris.

### HEADLINE KEYNOTE PRESENTATION

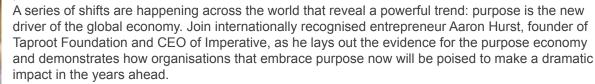
The Purpose Economy



9:10am







Aaron Hurst is a globally recognised entrepreneur who works to create communities that are empowered to realise their potential, and this is his first time speaking in Australia. Aaron cofounded Imperative, a technology platform that enables people to discover, connect and act on what gives them purpose in their work. He is a close advisor to many global brands and frequent

speaker and writer on the development of the Purpose Economy. Widely known for his thought-leadership, Aaron is the author of The Purpose Economy (2014) and co-author of the children's book, Mommy & Daddy Do It Pro Bono, and Powered by Pro Bono.



SELECT ONE



### How to Select the Right Directors for Your Board



Natalie Elms – Boards Research, Queensland University of Technology

Getting the right people onto a board is critical for board effectiveness yet board selections in the non-profit sector are often informal and ad hoc. How candidates are identified and selected for board positions is likely to impact the success of that appointment. Effective selections need to balance both competence and compatibility, and a failure to consider both of these criteria can lead to the appointment of a mis-fit. This presentation offers the findings from an academic study into director selection: How and why are directors

selected and which approach is the most effective for identifying and selecting the right candidates?

### Dare We Take a Risk? Dare We Not?



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

In order to thrive in the current not-for-profit environment, directors must act strategically and be innovating, secure in the knowledge that taking considered risks will not breach their legal obligations. Recent and dramatic shifts have seen the traditional not-for-profit sector transform into an increasingly competitive, rapidly-changing and consumer-driven market that, whilst highly challenging, also generates more opportunities. This presentation will assist delegates to understand how they can take advantage of

commercial opportunities that involve responsible risk taking whilst remaining compliant with all legal obligations.

### Does Mother Know Best?



Patrick Herd – Principal Consultant, Community Business Australia

The United Kingdom government has introduced significant reform to the community services sector over the past 10 years. The Australian government is currently embarking on similar reforms for all community services sectors in Australia. In this presentation, Patrick will assess the lessons and learning from the mother country's reform experience. Patrick will examine the future and provide a road map for boards and CEOs to succeed in a time of significant change and reform.

### ▼ The Chair, The Board and the CEO: When Passion and Purpose Collide – Game On!



Robert Gordon - Director of Programs, Board Accord

To thrive in an organisation in the 21st century marketplace requires unprecedented leadership capacity and delivery, individually and collectively. The aligned leadership of the board, chair and CEO are critical components of any successful organisation. This presentation will explore those relationships; what happens when they work and what happens when they break down. And what to do about it. Robert will address the major fault lines in chair and board interaction with CEOs. The presentation will support delegates to

recognise very natural and common points of conflict (especially around strategic formulation, ownership, delivery, correction and oversight) and suggest competencies to restore shared purpose and passion.

# Fulfilling Your Organisation's Passion and Purpose, or Saving Your Organisation? Are They Mutually Exclusive?



Joanne Redburn - Director, NFP Lawyers

Directors of not-for-profit organisations are faced with many decisions regarding the future of their organisation. Directors are required to be cognisant of multiple factors such as the finances, operational capacity and risk, and yet the weight an individual director gives to each factor before arriving at a decision can vary greatly. For many directors the overriding factor is whether the organisation's passion and purpose will be met, however, this predisposition has the potential to limit the sustainability of the organisation in

the long term. In this presentation Joanne will address the tension between purpose and sustainability and propose a practical model to assist directors with decision-making.

SELECT ONE



### Aligning Strategy to Finance



Adele Johns - Community Enterprise Officer, Wyong Shire Council

The strategic plan is often thought of as a document in isolation and not aligned with a financial strategy to support the plan in coming to fruition. This presentation will address the importance of aligning the strategic plan to the financial plan. A financial strategy should be developed to support and sustain each strategic plan and its target outcomes. Following this framework will in turn create a measurement for monitoring and reporting on a regular basis and enabling board members to easily identify whether their organisation is on

track to achieving its big picture objectives.

### NFP Mergers and Amalgamations - Sovereignty vs. Sustainability



David Curd – Executive General Manager Strategy and Growth, Endeavour Foundation

Mergers and amalgamations are a proactive, strategic option for NFPs, in which sustainability must be considered ahead of sovereignty. Most, if not all, NFPs will need to consider a merger or amalgamation in some form, but it is likely that the majority of mergers and amalgamations will fail to deliver the desired strategic outcomes. The planning and management of a merger or amalgamation will determine whether a positive outcome is achieved for both organisations. This presentation will outline the strategic business case

for mergers and amalgamations and suggest a process for identifying, confirming and managing them in the NFP context.

### Governance of a Multi-Organisation Special Purpose Vehicle



Heather Watson - Partner, McCullough Robertson Lawyers

Unique governance challenges are presented by special purpose vehicles and related entities, in which multiple organisations join together for procurement or other contractual arrangements. More complex legal and governance structures are emerging that reflect the development of alliances and collaborations between organisations, governments' requirements for emerging funding arrangements and the desire to achieve greater assurance of sustainability of the services provided. In this presentation Heather will address

the drivers contributing to the emergence of these structures, the operational and governance challenges they present and identify some practical tools and processes available to manage these challenges.

### The Great, The Average and The Soooo Bad Board – Tales from the Legal Trenches



Brian Herd - Partner, CRH Law

The difference between good and poor performance for a board is relatively simple but mostly overlooked. This presentation will provide sector-wide insight from an insider who has seen it all. Brian will share 10 years of experience as a legal advisor to NFPs and the insights he has as to what are the distinguishing features of the good, the bad and the soooo bad board.

### Never Forget Your Purpose... Ever!





Darren Fittler - Lawyer, Gilbert + Tobin

Lali Wiratunga – National Marketing Manager Social Sector Banking, Westpac Bank
In an era where not-for-profit organisations are being encouraged to find alternative revenue
streams to drive efficiencies and to be accountable to regulators, funders and the public, they face
the risk of forgetting their purpose and losing their passion. A not-for-profit's purpose should be
its key differentiating factor and also be central to the DNA of the organisation. The surest way for

not-for-profits to remain strong is to find the balance between purpose and adoption of commercial enterprise models. This presentation will address how commercial enterprise models can be used to find alternative revenue streams and why good governance is critical to the sustainability of a purpose-driven organisation.

**SELECT ONE** 



### Leadership Succession Management – An Ongoing Governance Discipline



Ingo Susing - Partner, Leadership & Succession Partners

Succession management is an ongoing discipline with implications for large and small organisations. This presentation will provide a comprehensive overview of the board's responsibility to oversee leadership succession in organisations, setting out best-practice case study approaches and explore the case for deliberate leadership succession management. Ingo will address best-practice approaches to CEO succession obstacles and how to overcome them in a presentation that allows delegates to express their

own experiences and observations.

### Become a High Impact NFP: Building Your Leverage to Advance Social Change



Wayne Turner - Principal Consultant, CBB

High impact not-for-profit organisations continuously move in new directions and work with others to increase their impact. This presentation will use the findings of original research conducted by CBB to explore what makes a "high impact" NFP. Wayne will pose the question of whether success equals purpose fulfilment and vice versa. He will also address the characteristics of a high impact NFPs, how to become a high impact NFP and challenges the traditional thinking of what makes NFPs successful.

### ROI for Fundraising: What are the Facts and Figures? How is Performance Best Measured?



Jeff Buchanan – Senior Consultant, AskRight

Where good fundraising performance is concerned, return on investment matters. What should be the cost of fundraising? What should be the return on investment? Are they in fact the same question? What are the best ways to measure fundraising performance? This presentation will draw on analysis of audited financial data across a range of different fundraising activity types from over 20 Australian non-profits stretching back nearly 10 years. This session will be very helpful for board members looking to engage in deeper discussion

about fundraising performance and make more informed decisions about investment in a balanced program and good fundraising practice.

### Strengthening Leadership and Human Resources Capacity: Pro Bono as a Powerful Solution



Aaron Hurst – CEO and Co-Founder of Imperative and author of The Purpose Economy

Over the past 15 years, pro bono has empowered the nonprofit sector to increase capacity and improve outcomes for the communities they serve. Join Aaron Hurst, CEO of Imperative and founder of the Taproot Foundation, as he discusses how pro bono can enable nonprofits to transform their human resources capabilities and usher in the next wave of innovative and effective leaders.

### DIY Health Check – Are You Ready for the New Horizon?



Linda Hayes – Managing Director, Corporate Synergies Australia

Good organisational health is a critical reflection of good organisational governance, and both are essential for sustainability. Ongoing organisational review and assessment is now an essential responsibility of both board and management. This workshop will introduce an integrated approach, models and tools to conducting your own organisational health check in relation to future strategies, and best-practice standards for the changing funding and grant requirements of State and Federal governments. Linda will examine

the issue of financial viability versus organisational sustainability, consider frameworks for assessing the viability and sustainability of non-profit organisations and provide a tool for measuring organisation health.

SELECT ONE



### Mindfulness: Governance with Passion, Purpose & Presence



Robert Gordon - Director of Programs, Board Accord

Supported by evidence-based studies, mindfulness training, and its practical aspect, meditation, is making a massive exodus out of the meditation hall and into corporations and organisations. Robert will demonstrate how mindfulness practices can contribute to the personal and professional health and wellbeing of directors, and provide a foundation to express passion and execute purpose. This presentation will reveal why mindfulness has all the hallmarks of 'an idea whose time has come' and why corporates are integrating it into

HR wellness programs as a means of creating healthier and more innovative strategic thinkers.

### Stories from the Board Down: Three Stories Every Board Member Needs to Tell. And Why.



Moya Sayer-Jones – Founder and Director, Only Human Communication

Story competency is a key skill for all boards and leadership teams. NFPs have more powerful stories than other sectors but not always the capacity or skills to make the most of the potential they bring. Board members need to have three key stories always ready... and an ear to gather more. The most powerful stories are often the simplest. In this experiential and media-rich workshop Moya shares her many years of strategic story experience with NFPs and government in Australia, guiding participants to explore the stories

they need to tell. And how to do it.

### Business as Usual is a Fantasy: Prepare for Surprise



David Buley - CFO, Association of Independent Schools

How do boards sense the future and respond now that disruption has become a permanent fact of life? We live in a VUCA world: volatile, uncertain, complex, and ambiguous – the culmination of 50 years of movement from an industrial to an information economy. It's easy to understand how boards are facing the challenge of how to anticipate, adapt, manoeuvre, make decisions, and change course. This presentation will provide insights into strategic risk, innovation and decision-making tools so organisations can react and adapt to

'prepare for surprise'.

### What to Do with a Bored Board - How to Inspire, Engage and Ignite Your Directors



Michelle Taylor – Senior Consultant, Matrix on Board Consultants

There is a growing malaise in non-profit boardrooms, evidenced by questions such as: How do I engage my board members? The question that needs to be asked is rather: Why are your board members disengaged? At least part of the answer is that the current overwhelming focus on 'good governance' has neglected to address ways and means of harnessing the passion and power of your board's original motivations for signing up. In this presentation Michelle will outline ways to bring excitement and energy back into

the boardroom using existing board processes such as board evaluations, induction, strategic planning and risk identification.

#### From Governing to Leadership: The Pivotal Shift



**Elise Sernik – Executive Director, Leadership Space** 

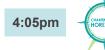
To succeed in the current environment, boards need to move from being a governing board to a leadership board. What leadership means in this context isn't woolly or esoteric. It is very specific and measurable. Armed with this information directors can quickly and accurately assess the extent to which they are on this journey, how far along they are, and what to do next to refine and tweak their strategies. This presentation is designed to support directors who are trying to bring in change, and boards already on the road that are

looking to extend their success.



### **KEYNOTE PRESENTATION**

Agile Navigation - Adapting to a New World





Paul Ostrowski – CEO, Care Connect

With its history in the IT sector, Agile thinking and development is not commonly used in the non-profit sector, particularly at a governance level. In times of great change though, traditional methods to control risk can be counter-productive – even disastrous. Agile is about fast adaptation to shifting circumstances and priorities. This plenary presentation will examine the tension between traditional governance models and the need for an agile response to unprecedented, rapid change across the non-profit sector. Paul will draw from his from his first-hand experience with the Agile process and how it was adopted by Care Connect, from a single project into other aspects of operations and governance across the organisation.

With 20 years' international experience in private health and homecare, Paul has a strong track record in building leading health services organisations. Since joining Care Connect in 2010, Paul and his team have focused on reshaping the organisation to provide services in line with a consumer-directed care philosophy. Paul is passionate about placing innovation in the hands of consumers, enabling choice and building the capacity of each individual Care Connect serves. Since 2013, Paul has been a Director at Leading Age Services Australia (Victoria), the national peak organisation for all providers of care, services and accommodation for older Australians.

### **Gala Dinner**

### **BRISBANE CONVENTION & EXHIBITION CENTRE**

7:00pm - 10:00pm

Join us for dinner and entertainment in the Boulevard Room at 7pm.

The Gala Dinner is a great way to unwind after a day packed full of knowledge, ideas and inspiration. Relax with your colleagues and friends, meet new contacts, enjoy a meal and be entertained.

Please ensure you have your dinner ticket with you as the Gala Dinner is ticketed separately. If you would like to attend but don't have a ticket, please visit the conference info desk to ask if any tickets are available to purchase.

This year's Gala Dinner and entertainment is proudly supported by CBB the not4profit people.



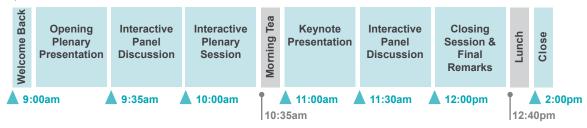


**CBB** the not4profit people believes in enhancing the capacity and sustainability of the Not for Profit sector. They work with NFPs Australia-wide to help them be better at what they do, by delivering personalised and cost effective consulting and salary packaging services. They're a Not for Profit themselves and pledge their surplus profits back into the sector through their Community Development Program.

### **Program**

### **SUNDAY JULY 26**

#### Quick overview:



### OPENING PLENARY PRESENTATION

9:00am



### Beyond Compliance - Fundamental Problems in Board Decision-Making



Gavin Nicholson – Associate Professor at the QUT Business School

Gavin Nicholson from QUT Business School, the Australian Centre for Philanthropy and Nonprofit Studies (ACPNS) will present this opening plenary session that will examine the Centre's research on social processes and interactions in the boardroom and in particular around decision-making in the boardroom.

Gavin is an experienced director, governance researcher and board consultant. He has provided advice on corporate governance and strategy to listed and large public companies, government owned corporations, statutory authorities, not-for-profit organisations and local government. Gavin heads several large research programs aimed at understanding how to help boards make better decisions. He has published extensively in a range of leading journals in his field and currently

serves on the editorial board of Corporate Governance: An International Review and co-authored a number of bestselling books with Prof Geoff Kiel including the practitioner-focused title "Directors at Work". Gavin is an active director and currently Chairs the board at Cannon Hill Anglican College (CHAC).

### INTERACTIVE PANEL DISCUSSION

9:35am



### Beyond Compliance – Fundamental Problems in Board Decision-Making







Gavin Nicholson – Associate Professor at the QUT Business School Janette Randall - Director, NPS Medicinewise Glenn Poole - Executive in Residence, Australian Centre for Philanthropy and Nonprofit Studies at the QUT Business School

Following his opening presentation, Gavin Nicholson joins a panel of experts who have hands-on experience, and know what it takes to successfully address fundamental

problems in board decision-making. Hear unique insights, powerful strategies and practical processes that can assist your board as they field questions, and with your input, discuss key points arising from his opening session.

### INTERACTIVE PLENARY SESSION

10:00am



### Blue-skies, Radical Ideas and New Horizons in the Non-Profit Sector

Starring you and your vision for the future of the non-profit sector, this session will creatively explore your ideas and push the boundaries without constraints as we sail into a blue-sky horizon. Where will this unrestricted thinking take us? Facilitated by Darren Isenberg

A new session format that gives you the platform to release your thoughts and initiate improvements in the non-profit sector as a whole. Discussions will explore the following three questions:

- 1. If you could change one thing in the non-profit sector, what would it be?
- 2. What is one thing that frustrates you in the non-profit sector and how would you fix it?
- 3. What do you think is holding the non-profit sector back?



### **KEYNOTE PRESENTATION**

11:00am



### Charting the Future of the NFP Boardroom



**Elizabeth Jameson – Managing Director, Board Matters** 

NFP governance is strongly bound to many governance practices and legal structures inherited from for-profit corporates. Many of these practices are out-dated and/or unsuited to the new horizons for NFP organisations operating in the 21st century.

How can boards explore new and better ways of encouraging open, insightful decision-making and avoid the limitations presented by concerns over director liability?

This presentation will explore the limitations of current NFP governance practices. Elizabeth will explore a range of ways to involve organisational members and stakeholders more positively in NFP governance, including the use of advisory committees and councils. This presentation will be followed by a panel discussion of the opportunities presented by challenging the status guo and

charting the future of the NFP boardroom.

Elizabeth founded Board Matters in 2002 along with its associated governance legal practice, Board Matters Legal. She has provided corporate legal and governance assistance and advice, with a real-life 'practising director' perspective, to a large range of companies, organisations, and industries for well over 20 years. This has included not-for-profit boards as well as listed, private and public sector boards. She also maintains an active portfolio of directorships, presently with RACQ, Qld Theatre Company, and chairs the board of Brisbane Girls' Grammar School.

### INTERACTIVE PANEL DISCUSSION

11:30am



### **Charting the Future of the NFP Boardroom**







Elizabeth Jameson - Managing Director, Board Matters Ken Leigh – Legal and Financial Specialist, Corporate Synergies Australia Bruce Cowley - Chair, Children's Hospital Foundation Queensland

What opportunities are presented by challenging the status quo and charting the future of the non-profit boardroom?

Following her presentation, Elizabeth forms a panel with industry experts Ken Leigh and Bruce Cowley to answer your questions and discuss key points and possibilities arising from her presentation.

### **CLOSING SESSION & FINAL REMARKS**

12:00pm



Charting New Horizons: Governance with passion & purpose

With Darren Isenberg

What were the key thoughts emerging from this conference? How will you apply the knowledge you've gained this weekend over your next year as a leader in the non-profit sector? Who have you met, and what difference can you make with your new connections?

We hope you are taking away new knowledge and connections to enable you to practice your governance with passion and purpose, and continue to lead your organisation forward with integrity in the non-profit sector.

Please enjoy the networking lunch provided for you in the foyer, and we look forward to seeing you again in 2016.

## Four Types of Problem Solvers – Who Is On Your Board?

AARON HURST | BOARD DYNAMICS

All the members of your board might agree on the social change you want to see occur as the result of your work. But the odds are that each person will have a drastically different idea of how to achieve that change, and what the metrics of success should be along the way. These differences can lead to argument and disjuncture. However, they come down to how people fundamentally approach and solve problems.

In order to avoid disconnect, you must first understand each person's individual approach. Then you can leverage these perspectives to become a stronger governing team.

One of the most illustrative examples of individuals' different approaches to problem-solving emerged while doing research on promising solutions to strengthen K-12 education in the United States. As I dug in, I found diverse assessments and solutions to our country's education system. It became apparent to me that people had fundamentally different thinking styles. These different approaches influenced not only their opinions on education, but also every little decision they made in their day-to-day work.

When assessing problems finding solutions. people tend towards one of four distinct approaches: community-oriented, human-centred, structuredriven and knowledgedriven. Each approach has

its own perspective on what the problem is, and where the solutions lie.

Using education as an example, if you were standing in a room of board members, parents, educators and community leaders, these perspectives might sound something like this...

### **Community-Oriented**

'If you look at the best schools in the country, you find one thing they all have in common: incredible parent participation and leadership. The parents are well-informed and invested in the school's success, and they hold the school accountable for results; they also find ways to generate resources and advocate for the school within the community. To improve education in this country, we must learn why some schools have this kind of parent involvement and build that capacity. You can never know what challenges a school will face in the future, but with strong parent and community involvement, schools can face any challenge.'

#### **Human-Centred**

'Have you been in a typical public school classroom lately? How do we expect a child to be inspired and learn in that kind of environment? The school is more like a prison than a place to promote feelings of well-being that help students learn and focus. We need to build pupil-based schools that provide fresh air and light. Classrooms need to be arranged to create natural social settings that encourage communication. If we want kids focused, they also need healthy food. And why are we asking teenagers to come to school at the break of dawn, when all the research says this isn't natural and makes learning nearly impossible?'

#### Structure-Driven

'We don't provide the right training, support, or tools to teachers and principals. We need to design effective leadership practices, policies, and procedures for school systems. We need to redesign curriculum and pedagogy (i.e., educational approach) that works with the needs of today's kids, and help teachers adopt the new design so they can be set up for success. With this kind of support, our principals and teachers can achieve anything."

### **Knowledge-Driven**

In order to avoid disconnect, you must first

understand each person's individual approach.

Then you can leverage these perspectives to

become a stronger governing team.

'Improving education requires that we look at the data and

research and build upon it. We don't know what successful education even means today; we blindly continue to follow old models that don't work anymore. We don't know enough about education and what success looks like for today's schools. We continue to take the test

and fail, because we ourselves aren't doing our homework.'

In my research and work with organisations, I have come to understand that these four approaches not only emerge when people focus on issues such as 'fixing education,' but fundamentally define how we approach our work overall and how we collaborate with others.

On any board, there is a need for all these approaches to work in concert, no matter the issue at hand. A diversity of mindsets and perspectives is always going to be stronger than a single point of view. However, it is also critical to understand the bias we each have in solving problems. Understanding how our own approach differs from that of our colleagues enables us to truly collaborate and avoid falling into dysfunction.



**Aaron Hurst Imperative** Aaron is presenting the headline keynote and a workshop at 1:45pm on Saturday.

### THREE TIPS FOR BOARDS

### 1) Empower

Imperative now offers a free 10-minute assessment for your board members to take to uncover which of the four problem-solving approaches they lean towards. Ask your board members to take it before your next board meeting. The assessment can be found at: www.imperative.com/signup.

#### 2) Share

Using their assessment results, have each board member share why she supports the organisation and what she sees as the key to its success. Have her define how it influences her perspective on the right direction for the organisation.

### 3) Diversify

You need a diversity of problem solving types on your board. Track the types currently on the team and define where you have gaps that you need to fill in your nominating process.

Follow Aaron on Twitter: @Aaron\_Hurst



## Could You Do with a Lawyer on Your Board?

BRIAN HERD | BOARD RECRUITMENT

Statistics from America suggest two interesting things about board membership:

- 1. A lawyer/director increases an organisation's value by 9.5%; and
- 2. The number of lawyer/directors in America has doubled in recent times

But if you have a lawyer on your board, what's your experience? The reality is that any good board member needs to perform to the five governance commandments:

- · Be able to contribute to strategy.
- · See opportunities and threats.
- · Be willing to challenge management.
- · Make decisions, not just express views.
- · Be clear thinkers with good judgement.

Lawyers, or even accountants or retired politicians don't have a mortgage on these qualities. So what do lawyers

bring to a board that sets them apart or provides additional value over and above any other competent board member? As a lawyer and former member of a board my view is – nothing in particular. In fact, they can

be a hindrance to effective board performance.

There are four reasons why I think this:

- In terms of the five commandments, a lawyer on a board isn't taken seriously – other board members see the lawyer as just that, the lawyer, and not as a fellow director.
- 2. Lawyers are by training and experience, risk averse. This aversion has only been exacerbated in recent years by the ballooning of personal legal liability of directors.
- 3. Many lawyers combine being a member of a board with being the legal adviser to the board. This creates abiding conflict of interest and ethical issues that can neuter any worthwhile contribution by the lawyer to the board functions. Indeed it can create resentment amongst other board directors who, giving freely of their time, can also see one of their number being rewarded, albeit through the auspices of the lawyer/director's law firm.
- 4. Lawyers are advisers not deciders.



Don't get me wrong – there are many lawyers out there who are making an effective contribution in their role as a board member. Trouble is it's hard to know because, from my gut instinct, very few organisations review the performance of their directors and, even if they do, it is at best cursory and a fop to process rather than substance.

Not only that, in rural and regional areas, getting and keeping quality board members can be a herculean task and the local solicitor can usually be counted on to put their hand up

> for a board membership as their valuable contribution to their local community.

What I am saying is this

— if at your annual board
catwalk, parading in front
of you seeking selection for

membership to your board, you have capable and competent butchers, bakers and candlestick makers along with lawyers, there is nothing of note in itself which distinguishes the lawyers from the others in the five commandments stakes.

All candidates should be judged on merit not on the cut of their cloth.



So what do lawyers bring to a board that sets

them apart or provides additional value over and

above any other competent board member?

Brian Herd CRH Law
Brian is presenting a workshop at 12:00pm on Saturday.

# Trusted legal support for doing well by doing good

Our NFP experts can provide you with practical advice on:

- partnerships and consortia
- mergers and amalgamations
- tax status and compliance
- optimising your constitution
- reviewing funding contracts
- industrial and employment
- leasing and commercial agreements



Contact: Joanne O'Brien and Brian Herd

Phone: 07 3236 2900 Email: enquiry@crhlaw.com.au www.crhlaw.com.au

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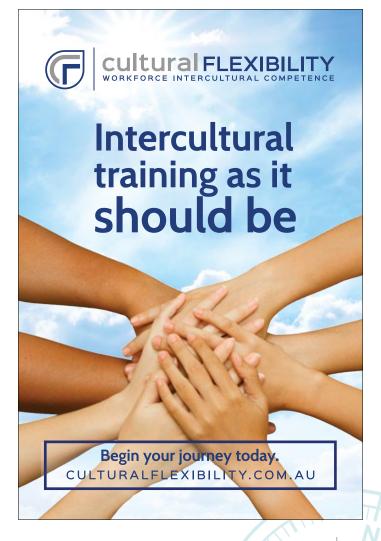
The TMS approach to governance goes beyond policies and procedures, focussing on culture and behavioural practices to drive performance and help your board lead in a changing landscape.

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- Board composition, design and recruitment
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- Group dynamics around the board table

If you are looking to improve the performance of your board, contact us today on 07 3003 1473 or email solutions@tmsconsulting.com.au.





### NFP Merger-Damned If You Don't and Possibly Damned If You Do

DAVID CURD | SOVEREIGNTY VS SUSTAINABILITY - STRATEGIC OPTIONS FOR NFPS VIA MERGERS

Most NFPs that DO NOT undertake a merger in the next 3-5 years will likely fail at some point.

Most NFPs that DO undertake a merger in the next 3-5 years will likely fail to achieve all of the benefits.

It seems to be a case of 'damned if you don't and possibly damned if you do'! But let's reframe the above to be more optimistic and constructive.

NFPs that take the strategic step to ensure sustainability through a strategically aligned and well-executed merger will likely succeed in the rapidly evolving and consolidating health and human service sector. Those who don't, probably won't.

To achieve a level of clarity, let's consider the two obvious elephants in the NFP room.

1. Sovereignty has no value in itself and impedes the quest for sustainability

Consider the following points:

- Sovereignty is a legal concept that implies 'control' it doesn't ensure cultural values or enhance service quality, and it certainly doesn't guarantee organisational sustainability
- · Governments do not fund 'sovereignty' (anymore), they purchase services.
- · Most importantly, clients and communities value our services not our sovereignty. This will be even more evident in an open market 'user pays' environment, where we will be judged on our service value, not our history and certainly not on our sovereignty.
- · Sovereignty can limit, if not strangle, our thinking in terms
- of service diversification and growth through merger... as per the phrase 'we need to stay true to ourselves and history', which may really be code for 'can't we just stay as we are, despite the profound generational change that is happening around us?'.
- Sovereigntyisusuallyprotected by long standing members understandable an

emotional attachment to their organisation, directors who value their position, or CEOs and managers who cannot imagine themselves as anything else. More sensitively, clients and families can also be protective of sovereignty, but this is often a masked (albeit legitimate) concern about losing the critical services they receive, as opposed to the organisation's governance.

- 2. A poorly conceived and executed merger will likely set an organisation back, or worse, may determine its demise
- A merger is a means to achieve sustainability, rather than an answer in itself. In fact, it is merely a legal process that results in a different governance arrangement.
- 'A merger should be based on a shared vision and business case that generates strategy, synergies, diversification, co-location, service value-adds, opportunities, systems capacity, and careers, rather than bigger, cuts, shared and same.'
- In simple terms, two organisations entering into a merger can end up with one of the following scenarios:
  - ▶ 1 + 1 = 1.5 which may mean 'we are both in trouble, so let's join, cut and survive until the next emergency'.
  - ▶ 1 + 1 = 2 which may mean 'just a bit more of you and me'.
  - ▶ 1 + 1 = 3 which may mean 'we could be so much more than just "you and me" if we bring together our people, services, capacity, resources and opportunities, to create a new, exciting and sustainable "us".
- · Most NFPs have never been involved in a merger, so it should be no surprise that they are often poorly executed, use a lot of resources and then don't achieve any significant strategic or organisational benefit.
- NFP mergers are NOT like commercial mergers ... beware of the director, CEO, manager or legal advisor who says, 'No problems, I have done plenty of mergers before'.

So, are NFP mergers all too hard and too risky? Is it impossible to disentangle sovereignty from sustainability? Not at all.

In the 'once-in-a-generation' paradigm shift currently occurring within our sector, we have the absolute

> responsibility and wonderful opportunity to reimagine, redesign and reenergise our organisations to not only survive the future, but indeed thrive.

> Geographic boundaries be pulled down, individuals and families will have choice, innovation will prevail and service delivery will be superseded by client service. All very evident dynamics in other sectors, and

now it is our turn to experience market shift and redesign.

So, where can a merger assist our organisational sustainability and how can we ensure that our objectives are met?

NFPs that take the strategic step to ensure sustainability through a strategically aligned and well-executed merger will likely succeed in the rapidly evolving and consolidating health and human service sector. Those who don't, probably won't.

#### In short, NFP mergers should be:

- 1. A shared commitment to a new future, whilst respecting, but not being constrained by the past.
- 2. Based on a shared vision, aligned values, common views of the risks and opportunities, and
- a sound business case that holds the shared vision and both parties accountable.
- 3. Project managed, resourced adequately and separated from 'business as usual'. Mergers can be very distracting and resource intensive.
- 4. More than just 'more' an NFP merger should result in 'better' for service users, teams and the communities in which our organisations operate.
- 5. Strategically focused.
- 6. Diligent in process, but unique in outcome every NFP merger is different – be very open to the new opportunities, learnings and leaders that emerge.

Start with a vision and finish with a merger.

#### In closing, for chairs, directors and CEOs:

- 1. Mergers must be on your strategic agenda now and always.
  - 2. Engage with organisations and people who have done it before, and who will only progress with your organisation if a '1 + 1 = 3' outcome is possible.
  - 3. Avoid sovereignty being the reason for not achieving sustainability.



**David Curd** Endeavour Foundation David is presenting a workshop



Russell Kennedy Lawyers is a leader in the provision of legal services and continues to be recognised for their expertise with Best Lawyers 2015 recently selecting seven lawyers from Russell Kennedy's health, aged care and retirement living teams and listing as among Australia's best.

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NFP mergers are NOT like

commercial mergers ... beware of

the director, CEO, manager or legal

advisor who says, No problems, I

have done plenty of mergers before.'

Sabine Phillips Principal T: +61 3 9609 1639 E. sphillips@rk.com.au



Michael Gorton (AM) Principal T: +61 3 9609 1625 E. mgorton@rk.com.au



**Rosemary Southgate** Principal T: +61 3 9609 1637 rsouthgate@rk.com.au



Kathryn Elleman Principal T: +61 3 9609 1521 E. kelleman@rk.com.au



**Libby Pallot** Principal T: +61 3 9609 1668 epallot@rk.com.au



Wai Hwoon Low Principal T: +61 3 9609 1627 E. whlow@rk.com.au

**Victor Harcourt** 

T: +61 3 9609 1639 E. vharcourt@rk.com.au

Principal



John Corcoran Principal T: +61 3 9609 1624 E. jcorcoran@rk.com.au



Solomon Miller Principal T: +61 3 9609 1650 E. smiller@rk.com.au



**Donna Rayner** Senior Associate T: +61 3 9609 1503 E. drayner@rk.com.au

### rk.com.au

Level 12, 469 La Trobe Street, Melbourne, VIC 3000 T +61 3 9609 1555 F +61 3 9609 1600 info@rk.com.au Level 8, 28 University Avenue, Canberra, ACT 2601 T +61 2 6171 9900 F +61 2 6230 5550

### A New Revolution: Breaking Down the Governance Bastille?

Perhaps it is time that boards raise their

collective fists in defiance when deciding how

best to govern their own organisations.

ELIZABETH JAMESON | A NEW MODEL FOR GOVERNANCE

Do you ever wonder why everyone keeps telling us in NFP governance, that 'one size doesn't fit all' and then proceeds to tell us precisely what 'best practice' dictates about how we must govern?

The body of 'best practice' lore usually comes from asking questions about how things are done in *comparable* organisations. For a start, the answers are too often based on looking at how things are done in non-comparable large listed corporations. Even when drawn from truly comparable organisations, boards are perhaps too quick to abrogate responsibility to consider comparatives and instead become captive of the default position, namely 'we'd better do what everyone else is doing'.

This 'best practice' mantra carefully balanced with a few legal cases to 'frighten' boards into submission is used to prove beyond a shadow of doubt that the board must respond by creating a certain committee, structuring board agendas or CEO reports in a certain way or putting more lawyers and accountants on the board!

Perhaps it is time that boards raise their collective fists in defiance when deciding how best to govern their own organisations.

## The origins of the 'command and control' board structure

Much governance thinking is a consequence of classic 'agency theory' in economics. With origins stretching back to Industrial Revolution Europe, it is founded on the suspicion that a company needs a board of directors to hold management accountable for shareholders. The end goal is to 'reduce the costs of agency' – to prevent management squandering the combined wealth that should be grown and shared with shareholders. In a not-for-profit context the wealth that might be squandered is that which should be put to mission.

So at its heart is a 'black hat' view of the world, that management is apparently most likely to squander, rather than optimise, wealth that could be put to the collective good.

The result of this agency-based view of the world is a legal framework in which by statute and court-made common law, directors have the fundamental fiduciary duties of:

 care and diligence (roughly translated: be extremely careful in your stewardship of organisational wealth for the collective good); and • good faith (roughly translated: act in the interests of the collective mission and not your own or others' interests, including avoiding conflicts of interest).

Given the Latin origins of the word 'fiduciary', these duties are best understood as duties of fidelity and trust, which are demanded because the board has the stewardship of assets and resources that belong not to them but to the collective.

Significantly, while directors may delegate their functions, they are unable to completely absolve their responsibilities and duties. To this end directors are often warned that they must not delegate decisions to anyone other than, in a very limited fashion, the CEO. To do otherwise would somehow be a breach of their duties.

This 'command and control' model is marked by the central concentration of all governance power and responsibility on the board. It is usually reflected in the organisation's constitution, explicitly and strictly imposing all governance responsibility on the board alone.

Let us pose an alternative view of the world. A view in which:

- a small group of 8, 10 or even 15 people (aka the board) with their fixed skillsets and experiences are unable to know everything and are not the best people to approve and agree absolutely everything for the organisation;
- this one small board group retaining all decision-making for themselves and the CEO therefore demonstrates a *lack* of care and diligence and good faith; and
- the 21st century world (i.e. endless access to unlimited information) is so sufficiently different from the Industrial Revolution world (i.e. little access to very limited information) that we ought to govern organisations very differently in order to deliver our fundamental fiduciary duties.

### A 'shared and distributed governance' model?

In time it is conceivable that some of the limitations of the 'command and control' fixed board might be

resolved by having 'multiple boards' across the company, each with a specific range of responsibilities. It is even conceivable that like governments in Switzerland and several States in the USA, some

corporate decisions might even be referred to members by online polling.

Perhaps such a notion is a little too far-fetched for today given existing constraints within the legal framework applicable to companies, so what is more immediately possible?

28. Better Boards Conference 2015

An increasing number of NFPs are already successfully employing the use of 'stakeholder councils' to advise the board on strategic and policy issues and sometimes to act as an electoral college for election of the board. The use of such structures needs careful thought to ensure decision-making authority doesn't become *more* confused as a result, but provided care is taken these structures can and do assist boards dramatically to widen their strategic understanding of the organisation and the world in which they operate.

There are also some interesting practices within individual boards, such as the 'sharing of the chair'. This doesn't mean rotation of the chair role, but the chair who asks different board members to chair different items of business depending on expertise or interest.

The aspect of the 'command and control model' that perhaps could be more radically explored than it has been to date without fundamental change to the law governing companies, is the greater delegation of governance decision-making powers. Perhaps this might be thought of as a more 'shared and distributed governance model.'

Whilst the board cannot and should not delegate certain responsibilities in the existing command and control model imposed by law (such as the sign-off of the audited financials), a great many decisions that return to boards as recommendations of a board committee or working party could indeed be delegated to free up more board time for higher-level strategic conversations. In the short term a board might trial this approach by more often explicitly delegating relevant decisions to relevant committees and working parties of the board. In time this might even evolve into the delegation of such powers in board (and possibly even member) approved charters.

This type of approach would demand careful thought as it suggests the need for:

- Very high levels of real trust being developed and fostered amongst board members.
- More active and equal contribution by all board members.
- Careful consideration of the composition of committees and board working parties, even potentially adding on external specialist members.
- Review of the Directors & Officers Liability Policy to ensure that all such external members are also covered by director insurances.
- Review of the constitution to ensure that this approach is permitted (and if not to consider seeking member-approval to amend it!).

- Direct accountability of the committees not only to the board but to the members, with separate committee reports to the members at each AGM.
- Regular reviews of the effectiveness of these delegations to ensure that they are appropriately delegated and appropriately retained by the whole board.

With just a bit of thought on such notions, let us hope that NFP directors governing in 2100 are not still being guided by reference to a black-hat wealth-squandering European Industrial Revolution view of the world.



Elizabeth Jameson
Board Matters
Elizabeth is giving a keynote
presentation at 11:00am on Sunday.



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### Rebalancing Stakeholder Relationships in a Transition Phase

HEATHER WATSON & SWAIN ROBERTS | STAKEHOLDER RELATIONSHIPS

#### Introduction

Many non-profit organisations operate in an environment that is constantly changing, often due to substantial shifts in government policy. Senior management are

consequently confronted with the necessity of undertaking major strategic reviews to deal with the resultant challenges that arise. This can lead to significant adjustments within organisations, including structural and operational, requiring

These are demanding times for senior management, with a shifting policy and regulatory environment creating substantial uncertainty and necessitating significant changes and transition.

management to identify and engage with their stakeholders during any transition phase, to assess the legitimacy of stakeholder claims and, as appropriate, seek to rebalance stakeholder relationships.

- A critical aspect of this will be for management to accurately recognise the regulatory and policy environment in which the organisation exists and for management to be satisfied that the rebalancing of the stakeholder relationships correctly reflects and addresses the impact of the changes confronting the organisation.
- ▶ There are potentially numerous stakeholders which will be relevant for management's attention, although those primarily relevant are often as follows:
- (a) boards and members;
- (b) employees and volunteers;
- (c) supporters such as donors, sponsors, etc.;
- (d) service recipients, including families and carers of those recipients; and
- (e) government, both Federal and State, in the form of funder and regulator.
- Managing the necessary adjustments of stakeholder relationships with the organisation, and in some cases amongst themselves, will be pivotal to the successful completion of any proposed transition. As such, they will command the preponderance of management time and energy necessary to manage the planned transition, including the need to accurately identify the relative importance or legitimacy of the stakeholders to ensure the efficient allocation of scarce management resources.

### Identifying stakeholders

▶ Fundamental to management's challenge is identifying the legitimacy of the stakeholders and their respective claims, both as part of any proposed transition and then as part of the newly structured organisation. Stakeholders' relative importance can essentially be divided into two categories. The first category relates to the stakeholders most likely to be affected by a proposed transition and who have the ability to prevent or seriously impede the transition. They require substantial proactive

engagement for the proposed transition to proceed. The second group of stakeholders are those capable of taking such action but less directly impacted and more likely to be supportive if shown the longer-term benefits

of the transition. For this category of stakeholder, effective communication will be fundamental to a successful outcome.

### **Engaging with stakeholders**

- Identifying relevant stakeholders is important, but senior management must still determine an appropriate manner of engaging with these stakeholders. The above analysis divides key stakeholders into two primary camps, being:
- (a) the board, members and employees/volunteers who require significant proactive engagement to ensure their support; and
- (b) other stakeholders, such as service recipients, supporters and government, for which engagement relates more to communicating the expected benefits of the proposed transition and minimising unwarranted confusion that could jeopardise support.
- ▶ Consistent with this view, senior management should engage directly with the key stakeholders most effected by the proposed transition, particularly the management, members, employees/volunteers to demonstrate the benefits being sought and to commit to a positive and consultative process to ensure their views are considered and wherever possible addressed. This should include developing detailed documentation for, and related follow up meetings with, key stakeholders, including:
- (a) strategy and implementation papers demonstrating the expected benefits of the transition and explaining the expected deleterious impact of doing nothing;
- (b) for employees and volunteers these papers should set out the positive aspects of life subsequent to the transition and indicate the security of roles and benefits;
- (c) more concentrated explanatory papers setting out details and benefits of the proposed transition could also be provided directly to other stakeholders, such as service recipients, sponsors or other supporters; and

- (d) still other variations of these papers could be used in discussions with government and as part of a media campaign, targeting a broader audience, which may include other stakeholders relevant to the proposed transition.
- ▶ Ensuring stakeholders are kept suitably informed reduces the chance of reputational damage or the need for crisis management. Similarly, adopting good faith models of interaction are fundamental to long-term successful engagement with stakeholders. The necessity of stakeholder engagement is similarly significant in assisting to address mission drift, a heightened concern when management's focus is distracted from the primary task of managing an organisation.

### Conclusion

These are demanding times for senior management, with a shifting policy and regulatory environment creating substantial uncertainty and necessitating significant changes and transition. To effectively manage such a situation, senior management must identify and engage with stakeholders, assess the legitimacy of stakeholders' claims and then, where appropriate, seek to rebalance stakeholder relationships. This can be achieved through a range of specific actions reflecting proactive engagement and coherent communication and managing stakeholder expectations and concerns through interactive and consultative processes to identify and implement mutually agreed pathways.



**Heather Watson** McCullough Robertson Lawyers Heather is presenting a workshop at 12:00pm on Saturday.



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## Building a Multi-Source Revenue Stream for Your Not-For-Profit

While all avenues for government grants are

certainly worth exploring for not-for-profits,

the high levels of competition for grants and

uncertainty over continued, long term funding

mean that not-for-profits cannot rely on

government grants as their only revenue stream.

JO SCARD | FUNDING

Healthy revenue streams are integral to the financial sustainability of not-for-profit organisations. However, for many not-for-profits, competition over traditional revenue streams is threatening their continued operation. This article outlines a number of traditional revenue options, as well as a number of innovative non-traditional options to assist not-for-profits in building a healthy multi-source revenue stream.

### Sticking with tradition

Traditional revenue streams can include government and philanthropic grants, fundraising and corporate giving.

Government grants account for approximately one third of funding in the Australian not-for-profit sector, and are available at the federal, state and local government level. While all avenues for government grants are certainly worth exploring for not-for-profits, the high levels of competition for grants and uncertainty

over continued, long term funding mean that not-forprofits cannot rely on government grants as their only revenue stream.

Another major traditional source of funding is philanthropic grants from foundations and high-net worth individuals. Philanthropy Australia estimates<sup>†</sup> there are about 5,000 philanthropic foundations in Australia giving between half a billion and one billion dollars per annum. These foundations, however, will often only give to organisations with Deductible Gift Recipient (DGR) status, while high-networth individuals and ultra high-net-worth individuals tend to give on an ad hoc basis.

Fundraising is another traditional revenue stream, albeit with increasingly non-traditional tools at its disposal. While traditional methods such as doorknockers, street fundraising and fundraising calls, remain the most common methods for raising funds; increasingly not-for-profits are adopting online resources such as email, websites and social media as their primary fundraising tools.

Corporations are another traditional revenue source, however, the relationship between corporations and not-for-profits is evolving. While these relationships used

to be defined by corporate giving programs and in-kind donations, increasingly relationships now revolve around opportunities for mutually beneficial partnerships, such as cause-related marketing.

#### Innovation - a new way forward

A major opportunity for revenue for innovative not-forprofits is presented through earned income activities. One opportunity for earned income is fee-for-service work. This may include extending the primary service of a not-for-profit organisation to the general public for a fee, or launching a separate enterprise, such as catering or domestic cleaning. Another method for earned income is selling products, either developed and branded by the not-for-profit or sourced and resold through online or physical stores.

Another non-traditional method for fundraising, which

becoming increasingly is popular, is crowdfunding. describes Crowdfunding money-raising campaigns through specialist crowdfunding websites, such as Pozible2 or Chuffed3. Through these campaigns people are offered some incentive in return for their money. Depending on the size of the pledge, these

incentives may include a tote bag with the not-for-profit's logo or a lunch with the not-for-profit's CEO. The opportunities are endless.

### But are they successful?

Each of the revenue streams outlined above have unique challenges, advantages and drawbacks — and not every source will be the right fit for every not-for-profit. The sources outlined above aim simply to serve as a starting point for not-for-profits to think deeper about the traditional revenue streams available to them, as well as explore more innovative and enterprising non-traditional options.



Jo Scard
Fifty Acres
Jo is presenting a workshop
at 11:40am on Friday.

- 1. http://www.philanthropy.org.au/tools-resources/sector-overview/
- 2. http://www.pozible.com/
- 3. https://www.chuffed.org/

### Director Selection: Finding the Right Fit

NATALIE ELMS | BOARD RECRUITMENT

Getting the right people onto a board can be critical to a non-profit's effectiveness. Yet while the recruitment of a new CEO typically follows a rigorous process, the appointment of a new director is frequently ad hoc, informal and heavily reliant on a closed network of acquaintances. As a result, many non-profit boards may be missing an opportunity to add value to their organisation.

Boards are unique work groups. They meet infrequently and spend limited time together outside the boardroom. Yet members of a board need to function as a cohesive team to make critical decisions. The effectiveness of a board therefore lies not only in the collective skills and knowledge that each individual brings to the boardroom, but also in the ability of its members to work effectively together.

Of course, too much similarity can limit a board's effectiveness. A homogeneous board is likely to interact well but may lack the diversity to govern diligently. High levels of cohesion in groups can result in groupthink, a condition that reduces independent thinking<sup>1</sup>. The key to an effective appointment is achieving a balance of both role-fit and group-fit, as illustrated in figure 1.

### Selecting candidates with high role-fit

Directors require skills and knowledge, yet the competencies required are unlikely to be static but rather change in response to both internal and external factors. Candidates with high role-fit have the right technical skills and experience to complement the board's current configuration and enhance the board's ability to carry out the tasks required of it.

#### Selecting candidates with high group-fit

Identifying candidates with the right technical skills is only half of the task. Research has shown that groups of individuals who fail to get along suffer interaction difficulties and poor communication, which prevent the group from reaching its full potential2. Candidates with high groupfit will have shared values, shared goals and similar characteristics to the existing board members.

Figure 1. Low Role Fit High Role Fit Liked High personality but Effective Group non value appointment Fit adding skill-set Value adding Low Ineffective skills-set but Group appointment personality Fit misfit

I recently conducted a study into director selection that found boards want candidates with both high role-fit and high group-fit. However, my study also highlights that selection practices for new directors vary considerably and many boards fail to adopt a selection approach that allows them to adequately assess both forms of criteria.

So what approach should boards take when selecting new members? By casting a broad search for candidates and involving the wider board in the selection decision, boards will be better positioned to appoint a candidate who is not only equipped with the right technical skills but who also functions well within the group. This will ensure their skills are used to make an effective contribution.

### **Effective director selection practices:**

#### 1. Assess role-fit and then group-fit separately

Initial perceptions of an individual's group-fit can impact the subsequent evaluation of a candidate's competency<sup>3</sup>. Assessing candidate role-fit prior to meeting them reduces selection bias and the likelihood that a candidate is appointed on group-fit alone whilst lacking the necessary technical capabilities.

### 2. Cast a wide net to identify candidates with the right role-fit

For boards that recruit from a small closed network, knowing – or knowing of – a candidate can bias the overall evaluation. Adopting a wider search strategy such as external advertising or recruitment agencies increases the candidate pool as well as the likelihood of identifying a candidate with the desired skills and experience.

#### 3. Involve all of the board in the selection decision

Research shows decision-makers use their own value system when assessing a candidates' overall fit, and the individual selected is most likely to reflect the values of the decision-maker4. Where a single person dominates the selection process there is a risk that the appointment may be made for the wrong reason. Selection decisions involving the wider board are most likely to achieve a high group-fit.



**Natalie Elms QUT School of Accountancy** Natalie is presenting a workshop at 10:55am on Saturday.

#### References:

- 1. Janis, I. (1982). Groupthink, Houghton Mifflin: Boston, MA
- 2. Steiner, I.D. (1972). Group process and productivity. New York: Academic Press.
- 3. Zellmer-Bruhn, M. E., Maloney, M. M., Bhappu, A. D., & Salvador, R. B. (2008). When and how do differences matter? An exploration of perceived similarity in teams. Organizational behaviour and human decision processes, Vol. 107(1), pp. 41-59.
- 4. Judge, T.A., & Ferris, G.R, (1992). The elusive criterion of fit in human resource staffing decisions, Human Resource Planning, Vol. 154, pp.47-67.

# Leadership Succession Management as an Ongoing Governance Discipline

INGO SUSING | EXECUTIVE TRANSITIONS

A board's primary responsibility for the succession of the senior leadership of an organisation is increasingly acknowledged in light of clear evidence that inevitable changes in these positions often cause preventable disruptions to corporate performance.

Australia, which previously has been lagging its counterparts in the US1 and the UK2, has recently tightened its governance guidelines to make boards more accountable for directly overseeing the succession of all key management positions3. As this translates into one of the most 'hands on' roles of a board, how can directors ensure that an effective approach is being implemented? The following sets out a framework which is consistent with established research evidence and has been proven with a number of leading Australian organisations, including BHP, Brambles, CBA, CSR, Qantas, Worley Parsons and Westpac, amongst others. It shows, first and foremost, that a well-managed succession process is not an eventbased planning activity but rather an ongoing discipline that requires the board to spend sufficient time to clarify future leadership needs and support the targeted and proactive development of individual leaders in preparation of the inevitable succession event.

#### Three key questions

Best-practice leadership succession management processes involve defining, evaluating and raising the critical leadership capabilities of key senior executives in the context of strategic needs and extending this lower down the management hierarchy to include the organisation's identified talent pools. These processes are founded on answering three fundamental questions, which apply regardless of the size and complexity of the organisation:

- **1.** What leadership does the organisation need to succeed going forward?
- 2. What leadership does the organisation have in place at present?
- 3. What must happen to close any apparent gaps and keep them closed?

One of the most common pitfalls is for a board to be impacted by a number of unconscious biases and jump to the second question by identifying the individual who most looks like the right leader. The consequence of this is that the person may or may not incorporate the capability required to ensure sustainable performance and successful execution of strategy, effectively flipping a coin and gambling on the future of the organisation.

#### Phase 1: identifying future leadership needs

In answering the first question, the experience of some of the most successful organisations demonstrates that this requires a focus on the future requirements of the organisation and reflecting relevant strategic objectives as critical leadership tasks and corresponding capabilities. It also requires aligning these with operational priorities and the needs of all relevant stakeholders. A powerful output of this discovery phase is the drafting of a leadership capability blueprint, an ever-evolving profile of the critical leadership tasks and corresponding skills, knowledge and attributes that will drive leadership effectiveness and successful organisational outcomes. A key benefit of this process is identifying the extent to which there is clarity and alignment between all stakeholders, which arguably represents the critical starting position for future success. Any misalignment or lack of clarity can be addressed early and constructively.

# Phase 2: Evaluating existing and potential leadership capability

Answering the second question involves the detailed evaluation of potential internal candidates (and where identified, external targets) against the blueprint of the particular leadership role. This requires the design of a bespoke evaluation process to enable an objective assessment of each potential candidate for the role. This can be extended to include other members of the senior leadership team in the context of de-emphasising succession and investing in the development of all senior leaders to achieve superior business outcomes. The process typically includes multiple assessment and case interviews, internal and external 360-degree feedback interviews, reviewing past performance reviews and, importantly, informal feedback that inevitably will be generated in a process of this nature. The output of the evaluation phase includes individual and collective, comparative assessment reports that highlight strengths, development needs, career ambitions, whether individuals themselves have potential successors or are actively developing these, and an evaluation against the key capabilities of the leadership blueprint. Where it becomes apparent that the organisation lacks viable internal candidates, the board needs to understand the availability of potential hires notwithstanding that such external appointments come at significantly greater costs and failure rates compared to internal promotions<sup>4</sup>.

# Phase 3: Raising leadership capability through targeted development

An effective response to the third question requires the organisation to provide active support to each potential candidate based on evaluation feedback and identified development initiatives. The aim of this phase is to close any critical gaps through targeted and proactive development

that is, as much as possible, integrated into individuals' day-to-day activities rather than external training courses and in addition to effective coaching and mentoring support.

The development plan is typically designed in collaboration

with each individual and the CEO (who themselves are ideally part of the development initiatives). chairman and/or professional to maximise engagement and motivation to pursue relevant development

One of the most common pitfalls is for a board to be impacted by a number of unconscious biases and jump to the second question by identifying the individual who most looks like the right leader.

goals. The content of the development process is a function of individual strengths and development needs and ideally consists of a dedicated, practical syllabus for each participant to prepare them for 'step-up' readiness. Best-practice approaches ensure that development does not occur in isolation, but also supports individuals in maximising their performance in their current roles.

Conclusion: Phases 4 and 5 - Decision making and transition support

The quality of how an organisation has been responding to the above three questions will determine how well it can manage the actual succession event. Leading organisations will have undergone multiple cycles of identifying the future needs, evaluating available leadership talent and proactively developing internal candidates at the individual and collective, i.e. team level to ensure performance

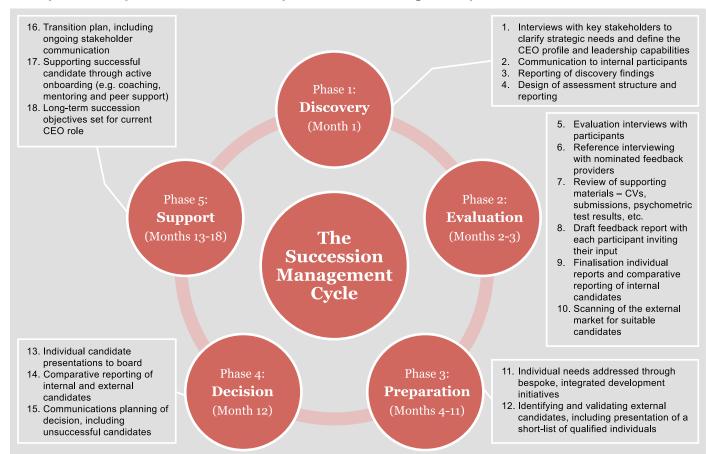
> outcomes are maximised on a sustainable basis. Board members will have gotten to know each of the internal candidates, experienced them a number of different settings but will also be able to rely on an up-to-

date, detailed and, importantly, objective assessment of the suitability of each individual and the consequential risk that their potential appointment represents. This can be greatly mitigated by not skipping over how to best support the transition of the newly appointed leader in recognition that they need to continue to learn in order to succeed.



Ingo Susing Leadership & Succession Partners Ingo is presenting a workshop at 1:45pm on Saturday.

### Example of best-practice CEO/leadership succession management process



- 1. http://www.nyse.com/pdfs/finalcorpgovrules.pdf
- 2. http://www.londonstockexchange.com/companies-and-advisors/aim/publications/documents/corpgov.pdf
- 3. http://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-3rd-edn.pdf (p.15)
- 4.http://www.leadershipsuccession.org/insight-blog/evidencing-the-importance-of-succession-management-internal-promotion-vs-external-hiring

# Fulfilling Your Organisation's Passion and Purpose or Saving Your Organisation: Are They Mutually Exclusive?

Directors faced with a decision usually

work through a series of factors/questions

before coming to a resolution. For example:

What are the risks? Will this affect our tax

concession? Will this affect our reputation?

Is the return on investment realistic?

JOANNE REDBURN | SUSTAINABILITY

Directors of not-for-profits (NFPs) are faced with many decisions regarding the governance of their organisations. Do we extend our services to xyz group? Do we apply for the \$50,000 grant from the Government? Do we increase our marketing budget?

Each question requires the directors to be cognisant of many factors including the organisation's purpose, finances, operational capacity, risk and so forth. The weight any one director gives to each factor in

arriving at a decision can vary greatly. For many directors the factor with greatest weight is fulfilling the organisation's passion and purpose. This factor, applied exclusively, risks the sustainability of the organisation.

### What is sustainability?

Sustainability is the ability or capacity of an NFP to be

maintained or to sustain itself. It's about utilising resources in a way that will not jeopardise fulfilling the organisation's purpose. At its core, NFP sustainability means that the organisation will be able to service the need in the community and fulfil its commitments to its stakeholders.

There are two components to sustainability: *financial* and *operational*. Financial sustainability means that the NFP has sufficient financial resources to operate and fulfil its purpose in the short and long-term. Whereas, operational sustainability means that the NFP has sufficient people, resources and controls in place to operate and fulfil its purpose in the short and long-term.

An NFP will be unable to fulfil its passion and purpose without financial or operational sustainability: they are not mutually exclusive.

# Sustainability and director's duties and contractual obligations

Directors have a duty to exercise care, skill and diligence. This requires each director to have a sufficient understanding of the affairs of the organisation, to enable a reasonably informed opinion of the level financial resources to be able to assess whether or not there is a reasonable basis for suspecting insolvency and the capacity of the organisation to meet any contractual obligations it may enter into. In such an assessment, a director must consider the financial sustainability of the organisation — in both the short term and other longer-term.

The obligation on NFPs and directors to fulfil the organisation's passion and purpose arises under statue, by virtue of eligibility for income tax exemption, and contract, usually under the NFP's constitution. That is, the income and assets of the organisation must solely be applied in furtherance of the established purposes. In complying with the statutory and contractual obligations directors must have regard to the financial and operational sustainability of the organisation.

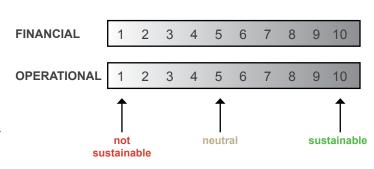
### Using the NFP Sustainability Index for board decisions

So how can directors fulfil the organisation's passion and purpose without risking its

purpose without risking its sustainability?

Directors faced with a decision usually work through a series of factors/questions before coming to a resolution. For example: What are the risks? Will this affect our tax concession? Will this affect our reputation? Is the return on investment realistic?

Using the NFP Sustainability Index below, when posed with each question consider the controls to resolve or mitigate the risk, then determine the ranking on the NFP Sustainability Index with the relevant control in place. Case studies are provided below.



#### ▶ Case Study One – accumulation of funds

There is a paradox inherent in an NFP considering saving its reserves. On the one hand, there is the stakeholder view that the NFP should not hoard its reserves but should spend all its funds on fulfilling the achievement of its purpose. On the other hand, there is the common sense view that the NFP needs to accumulate some of its funds as a financial buffer at the least to allow for the day-to-day contingencies of pay rises and cost increases.



Recent amendments to the ATO's requirements for selfassessment/endorsement as income tax exemption add an element of complexity to this paradox. NFPs must now demonstrate that they are 'applying all their funds solely to further their established purposes'. This does not mean that an NFP cannot accumulate funds but it must demonstrate how that accumulation will further their established purposes.

So, a board faced with the decision whether to accumulate funds (and how much) would apply the NFP Sustainability Index as follows (in this example the NFP is a charitable institution):

#### Will the accumulation of funds affect the NFP's income tax exemption?

- Yes. Ranking without controls: Financial 2; Operation 2.
- · No, provided that it can demonstrate the accumulation is for the benefit and in furtherance of the NFP's purposes. Relevant controls, set out reasons for accumulation of funds and how it will further the NFP's purposes in board minutes. Ranking with controls: Financial 9; Operational: 9

#### Will the accumulation of funds affect the NFP's reputation?

In this example, there have been some stakeholder complaints that the board has not been doing enough to support its stakeholders.

- Yes. Ranking without controls: Operational 3.
- · No, provided the NFP puts in place a successful stakeholder engagement program and demonstrates the value of the organisation to its stakeholders. Ranking with controls: Operational 5.

#### ▶ Case Study Two – commercialisation

Commercialisation can be a way for NFPs to increase financial sustainability. NFPs typically rely on funding, donations, membership fees and grants as their main sources of income and commercialisation can provide an alternative or additional source of income.

So, a board faced with the decision of whether to use its funds to commercialise an idea (for example a gardening business that employs disabled persons) would apply the NFP Sustainability Index as follows;

#### Will the use of funds affect the NFP's income tax exemption?

• No, the use of funds is to directly carry out its purposes. Ranking Financial 9; Operational: 9.

#### Will the use of funds affect the NFP's reputation?

• No. Ranking: Operational 9.

#### Will the carrying out of the commercial activity pose any risk or threat to the NFP?

- Yes, WH&S issues. Ranking without controls Financial 3; Operational 2.
- No, provided that the NFP puts in place appropriate WH&S controls. Ranking with controls Financial 9; Operational 8.

#### The NFP has a 3-5 year plan to commercialise further. Can the NFP sell the commercial activity in 3 to 5 years?

- Yes, but the complexity in selling under the NFP structure may devalue the sale price. Ranking without controls: Financial 5.
- · Yes, if the commercial activity is started in a separate legal entity. Ranking; Financial 9.



Joanne Redburn NFP Lawyers Joanne is presenting a workshop

# **CFO Clarity**

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# Digital Disruption: Organisational Innovation or Closure?

TIM COVENTRY | DIGITAL DISRUPTION



Digital disruption is all around us, whether we are a not-for-profit or for-profit organisation is very likely that we have been affected by digital disruption. Unlike the agricultural and industrial revolutions, the digital revolution sometimes referred to as the Third Industrial Revolution is fast moving and is rapidly increasing in the change pace.

Evidence of the disruption caused within the digital revolution has been seen in large organisations such as Blackberry, Blockbuster, Borders, DEC, IBM, Kodak, Microsoft, Motorola, Nokia, Sears, Yahoo and most of the TV, newspaper and publishing industries. Once safe "blue chip" organisations have experienced digital disruption almost overnight, maybe the most prolific example is Kodak.

Kodak was founded in 1892, and was a leader in the full lifecycle of film, cameras, and processing.

- 1981 Kodak turned over 10 billion dollars & employed 120,000 people.
- 1981 Sony released a camera with a floppy drive capability.
- 1984 Fuji started a film price war with Kodak.
- 1994 Kodak & Apple sold the QuickTake camera.
- 2004 Kodak stopped marketing film cameras.
- 2004 Digital cameras flooded the market and competitors such as Sony, Canon, Nikon etc were better positioned for digital cameras.
- 2005 Mobile cameras disrupted the camera industry.
- 2012 Kodak files for bankruptcy protection.

In studying the demise of Kodak, it is easy just to blame the speed of the digital disruption, however, I would suggest that the real cause of the downhill slide was due to the lack of innovation and market leadership in response to the digital disruption. George Eastman, the founder of Kodak, was an innovator; he challenged internal research and development to produce market-leading products. First was the single plate film (each photo shot required a new plate of single piece of film), next black and white film rolls, longer black and white film rolls, improved cameras, high quality colour film and then colour processing at convent locations. While George was at the helm of Kodak every innovation lead and shaped the market rather than following competitors.

Apple also takes this innovation approach: "Jobs said he actually started work on a tablet first, long before the iPhone. He said he had the idea in the early 2000's for typing on a glass display, and took the idea to people on his team who invented things like inertial scrolling. But the company was working on a phone at the time, so he applied that to the phone, and put the tablet "on the shelf." Once the iPhone business was established, they took the tablet project off the shelf, and that became the iPad."

What is innovation? Innovation in business is translating an idea into a product or service that customers will pay for. Invention is not innovation: "Invention is coming up with a great idea, innovation is executing a great idea and getting it to spread... Most organisations actually have plenty of ideas their problem is in selecting and executing the best ones, and getting the ideas to spread. That's innovation - and if you think about it that way you realise that it is a process that can be managed".

Another way I look at innovation is summed up in this quotation attributed to Mark Twain: "There is no such thing as a new idea. It is impossible. We simply take a lot of old ideas and put them into a sort of mental kaleidoscope. We give them

a turn and they make new and curious combinations. We keep on turning and making new combinations indefinitely; but they are the same old pieces of coloured glass that have been in use through all the ages."

To prove Mark Twain's thinking you only have to look at a chair. Chairs have been found in tombs from ancient China and Egypt. They were used usually only by kings. The common man sat on benches, stools, and chests. A chair for the common man really began use in the 16th century. The first chair was probably made by a late stone-age human, and used throughout the Sumerian Civilisation. During this extended time the basic design has had little design diversity, only the material and the manufacturing has changed.

Organisations exist to provide products and/or services, which are delivered to customers through business processes, that are decomposed into requirements and this will not change even in the digital revolution. The digital revolution will challenge us all - some more than others. I predict that in my lifetime; I'll drive to work in a driverless car, get a pizza delivered to my doorstep by a drone, order a pair of running shoes online which are also delivered by a drone,

travel to the UK in less than a day, have a robot assistant, conference call my GP who has my being monitoring my vital signs, take my wife out to dinner using a pilotless helicopter taxi and I won't need car insurance as I will not be driving it!

You might feel overwhelmed by the change that will be rapid during this century, but remember that – like George Eastman last century -innovation thinking, leadership and good business analysis will provide the mechanism to survive and prosper in the digital revolution. To help your organisation compete and keep up with change in the digital revolution, think about smart business analysis to keep your strategy linked to digital execution.



Tim Coventry Business Analysts Pty Ltd Tim is presenting a workshop at 10:30am on Friday.

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# A Merger by Any Other Name is Just As Sweet

**VERA VISEVIC | MERGERS** 

'Mergers' are becoming a commonly discussed topic in the not-for-profit (NFP) sector, and with good reason - they have the potential for long-term benefits for all parties involved. Our experience has shown, however, that it is common for NFPs to feel apprehensive about the prospect of merging since:

- · boards and working cultures must be responsive and cooperative towards a merger;
- a proposed merger could be resisted, poorly received or opposed due to the emotional investment of board members. staff. members, volunteers and funders; and
- a merger takes careful and considerable planning, time and money.

While the board and management of an NFP should always be alert to opportunities that will improve efficiency

and sustainability, the very tight structural integration that is required between merging organisations is not always the best solution. An alternative is collaboration which, whilst much more informal and accessible, can still provide NFPs with tangible benefits if done correctly.

Some of the characteristics that give the NFP sector strength (commitment, passion, and single-mindedness) can militate against effective collaboration. Boards must, therefore, take it upon themselves to consider collaborations as a valid strategic alternative.

 introducing strong projects to new communities/markets/ industries.

The Southern Grampians & Glenelg Primary Care Partnership<sup>1</sup> found that knowledge sharing was a key benefit from their collaboration. Janette Lowe, Executive Officer of the Partnership, commented that collaborations allow organisations to examine social issues in their entirety rather than being forced by their mandate to restrict their scope.2

In the US, Big Brothers Big Sisters of America formed an alliance with Boys and Girls Clubs of America to align the mentoring programs of the former with the development programs of the latter to benefit the clients of both.3

#### (b) Improving access to funding

Collaboration in the NFP sector has the purpose of increasing market power to improve access to funding. This can happen in one of two ways:

- 1. Improving the effectiveness of the funding functions: consolidation of the fundraising effort between organisations can increase the efficiency of how funds are raised by delivering more for the same amount of effort; or
- 2. Improving the effectiveness of advocacy and influence:

collaboration organisations with common agenda increases Furthermore, increased presence assist in marketing to private donors.

In 2014, eight of Australia's State-based spinal cord injury organisations created the Australian Injury Alliance in order

to collaborate towards common priorities. Each of the organisations has preserved their independence, whilst leveraging the collective benefits of an organisation that represents the interests of people with spinal cord injuries, facilitates discussion and promotes co-ordination on a national level.

#### 1. Benefits of collaboration

#### (a) Increasing impact

There are four main ways that collaboration might increase the impact of an NFP's activities:

- leveraging better people, systems, facilities and infrastructure from one project/organisation to improve the other:
- adopting processes from one project/organisation such as practices, standards and guidelines; and

#### (c) Reducing capital requirements or costs

Resource constraint is a major driver for collaboration activity in the NFP sector is. Collaborations can reduce costs by increasing the efficiency of resources by:

<sup>1.</sup> A collaboration between Glenelg Shire Council, Southern Grampian Shire Council and local NFPs.

<sup>2.</sup> The Office for the Community Sector, Department of Planning and Community Development, Community collaboration: The changing context of local government and community sector partnerships (1 July 2013), <a href="http://www.dhs.vic.gov.au/\_\_data/assets/word\_doc/0005/832172/Community-updata/assets/word\_doc/0005/802172/Community-updata/assets/word\_doc/0005/802172/Community-updata/ass collaboration-The-changing-context-of-local-government-and-community-sector-partnerships-1-July-2013.doc>

<sup>3.</sup> Big Brothers Big Sisters, Two National Youth Charities Strike Partnerships to Share Resources (15 October 2009), <a href="http://www.bbbs.org/site/">http://www.bbbs.org/site/</a> c.9iILI3NGKhK6F/b.6065577/apps/s/content.asp?ct=8211673>

- rationalising shared services and back-office functions: integrating back-office functions (e.g. IT, finance and payroll) for multiple organisations will save costs, allowing more resources to be focused on project delivery; and
- increasing asset utilisation: for example Social Ventures Australia, Career Trackers and AIME all share an office in Melbourne, defraying costs and using heating, lighting and fixed office equipment more efficiently.

#### 2. Collaboration must be done correctly

Delivering more to members without the hassle of a merger sounds like a win-win. However, before jumping into bed with another organisation, you must consider the following in order to have a successful collaboration.

#### (a) The collaboration must be member-driven

The following comment from Paul Murnane, the former

Chair of MS Society of NSW, is something that needs to be at the forefront of any decision to collaborate. Although increased funding had been an important outcome of the merger between the Victorian MS Society and MS Society

The rationale for collaboration must be clear, agreed by both parties and documented. Clarity

about the planned outcomes of the collaboration and tracking of progress is critical.

of NSW, Mr Murnane stated that "we wouldn't have gone ahead with the merger if it didn't benefit the client".

Whilst there may be several reasons to collaborate, a collaboration should only proceed if it is being driven primarily by the pursuit of improving service to members or clients.

#### (b) Support must come from the top...

Some of the characteristics that give the NFP sector strength (commitment, passion, and single-mindedness) can militate against effective collaboration. Boards must, therefore, take it upon themselves to consider collaborations as a valid strategic alternative. Board members are obliged to always be looking outside the organisation for opportunities to pursue the mission or purpose of their organisation.

#### (c) ...and the bottom

A new collaboration will almost certainly require some change, and keeping all employees informed of any changes is imperative. Openness by the board and management is extremely important and organisations need to have the frank conversations at the start of the project to ensure effective communication with stakeholders. In our

experience, granting people sufficient time to understand the reason for the change and inviting them to be a part of it is a simple, yet effective, method of earning employee support. Without their support, if not their enthusiasm, the collaboration will not succeed.

#### (d) Agree to disagree

Deal breakers should be identified at the earliest possible opportunity and shared with the potential partner. In our experience, we have found that 'difficult' questions do not melt away. They get more difficult the further down the track the discussions progress. This leads to the final point of...

#### (e) Formalising the collaboration

The rationale for collaboration must be clear, agreed by both parties and documented. Clarity about the planned outcomes of the collaboration and tracking of progress is critical. It is prudent for any formal contract to be preceded by a memorandum of understanding (MOU) which sets out

the broad commercial terms. The MOU is essentially an agreement to agree, and will establish a framework and express the common goals of the parties. This can be followed by a formal contract which will be legally binding and provide assurance

before significant further resources are applied towards the collaboration.



Vera Visevic

Mills Oakley Lawyers

Vera is presenting a workshop
at 10:55am on Saturday

# What is a High Impact NFP Organisation?

WAYNE TURNER | IMPACT

You have more than likely heard or even used the terms community impact, social impact, or impact investing. All are focused on the consequences of an action being undertaken, that is, "Is there impact?"

High impact is similarly guided BUT with a difference.

"Impact is not about what you do - how many people you serve, how long you have been in existence, or how far your service area reaches. It's about the positive change you achieve and whether or not it lasts. Organisations that achieve impact are influencers."

Impact is squarely focused on the organisation and the consequences of its actions in the community. Research has been undertaken internationally, mainly in the United States of America and Canada. After discussions with researchers in the USA, CBB has recently completed our own independent first stage research in Australia.

This early research is focused on two themes and outcomes. The first is to introduce not-for-profit organisations in Australia to the notion of "high impact" organisations; and secondly to gain a commentary from key people within the not-for-profit sector on what might be the characteristics of a high impact not-for-profit organisation in the Australian context.

The starting point for this early research in Australia has been to give a general view in regard to what a high impact organisation may look like or how it may be described. Arguably, the general focus of a high impact organisation is contained in one of the following statements:

A high impact not-for-profit organisation is one that makes things happen

OR

The consequences of what a high impact not-for-profit organisation does

have a lasting influence.

Expanding on the above two statements leads to the view that a high impact not-for-profit organisation is one that can:

- Influence (directly and indirectly) the people with whom it interacts.
- Recognise the many disruptive forces that affect how they act.
- · Learn that it can work through the disruptive forces to become (or remain) an effective influencer.
- Initiate positive changes that last.

Arguably, a high impact not-for-profit organisation is not the following:

- Focused on what it does, how profitable it is, how well it performs, how many people it serves, or how long it has been around.
- Driven by performance. A high performing organisation is not necessarily a high impact organisation.

What differentiates a high impact organisation from the rest of the field is possibly the key to achieving a more sustainable, relevant and recognised organisation.

CBB anticipates that our Australian-based research, together with the outcomes of the international research, will contribute to guiding and developing a clear and precise framework and evaluation tool, as well as allow us to develop an organisation-specific map or pathway. That is, achieve the objective of 'becoming a high impact not-forprofit organisation'.

High impact may well be the highway to building your organisation's sustainability, and leverage in social change.



**Wayne Turner CBB** Wayne is presenting a workshop at 1:45pm on Saturday.

Characteristics Developmental pathway to become a **Evaluation Tool** of a high impact HIGH IMPACT **NFP Not for Profit organisation** Pathway to HIGH becoming a high Organisation impact NFP

# HOW IS YOUR NFP PLANNING FOR THE FUTURE?

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Are you exploring new income streams?

Are your finances being managed properly?

Are you attracting and retaining the right people?

Are you accessing all the benefits you're entitled to?

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# Can Boardroom Leadership Meet the Challenges of Modernity?

Boardroom disunity is featured in the business

press daily. A colleague with 20 years not-

for-profit consultancy experience suggested, 'the

boardroom was often a bunch of sworn enemies,

dominated by the three letter word Ego!'

ROBERT GORDON | LEADERSHIP

# "Leadership remains the biggest challenge of all for 2013 and beyond"

- World Economic Forum Global Agenda Outlook

There's never been more commentary on the challenges facing planet earth (and organisations and boardrooms) than we find entering the 21st millennium. Humanity is challenged to lift its adaptability index massively.

Corporates are more adaptable than governments and are ideally positioned to globally and locally confront the world's most pressing issues. The boardroom is at the epicentre of corporate action. However, it will require exceptional leadership to successfully convert daunting global challenges into opportunities.

Is boardroom leadership up to the task, nationally and globally?

Despite decades of intensive training and research, leadership is struggling. Harvard's Robert Kegan is not

alone when he suggests contemporary leaders are 'in over our heads'!¹ Executives agree – an IBM survey found that 1,500 CEOs expect that business complexity is going to increase and more than half doubt their ability to manage.²

A University of Melbourne Centre for Workplace Leadership 2014 survey reported a staggering 75% of employees thought Australian workplaces need better managers and leaders.<sup>3</sup>

Apparently the problem is 'VUCA' - the contemporary Volatile world of Uncertainty, Complexity and Ambiguity. Silicon Valley's Peter Diamandis, suggests that leadership is challenged because it still thinks locally and linearly while technological change is occurring globally and exponentially. Every business on the planet will be seriously disrupted in the coming decades!

Boards will need to seriously maximise their leadership processes, protocols practices and behaviours.

Many boardrooms are collegiate teams generating outstanding outcomes. However, many have serious alignment issues and fail to generate value in terms of profit, people or planet. Boardroom disunity is featured in the business press daily. A colleague with 20 years not-for-profit consultancy experience suggested, 'the boardroom was often a bunch of sworn enemies, dominated by the

three letter word Ego!' Another veteran boardroom consultant confided in me that the board was, 'a flawed institution ... a group of part-timers who made management's job more difficult'.

I was surprised by the battle-weary perceptions of these experienced consultants. Fortunately, ongoing research is revealing a far more complex scenario, involving action logics. Jane Loevenger and Susanne Cook-Grueter's research suggests we each have definitive action logics that determine how we see the world and how we will think and act. Management scientist, Bill Torbert presented an eight-stage model of action logics in a highly commended HBR article entitled, 'Seven Transformations of Leadership'. Based on 40 years of research, Torbert describes eight levels of leader mindset development profiling how we interpret our surroundings and react to power and timing. Understanding these developmental stages seriously impact boardroom dynamics and specifically leadership capacity.

In the industrialised economies, Torbert identified that 85% of leaders were positioned in the first four action logics. The fifth action logic (Redefining) is the fastest growing group and roughly corresponds with Jim Collins' Level 5 leaders

('from Good to Great').<sup>7</sup> It makes up 10% of the corporate leadership.

Only 5% of leaders hold the most mature action logics – levels 6-8 (Transforming, Alchemical, and Ironic). These leaders are rare but qualified to cope with the disruptive global VUCA environment because they

demonstrate mental, emotional, and relational capacities enabling them to lead and negotiate complex systems experiencing disruptive change. They are the most likely of all leaders to reliably succeed in generating organisational transformations while leaders below level 6 (Transformative) will struggle.

Meeting the challenge of delivering meaningful systemic impact and significant outcomes in terms of profit, people and planet requires the compelling mental and emotional capacities of advanced action logics.

Conflict in the boardroom is not a product of sworn enemies, a flawed institution or flawed individuals but rather flawed behaviours arising from a disconnect of action logics. It's what Brett Thomas calls the 'Homogeneity Factor'. Simply stated, it is the false assumption that all executives, chairs and directors have the same psychological capacities and that all colleagues or direct reports resonate with their particular style of leadership.

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# These insights have serious disruptive implications for the boardroom:

- Director and Chair recruitment and appointment. Currently, in Australia, there are only two professional appointments that do not require specific qualifications politician and director. And they are two of society's most critical leadership governance domains! In an increasingly disruptive VUCA future, organisations may well seek to appoint directors (leaders) assessed as having later stage action logic capacity.
- Performance appraisal. Almost everyone in the organisation, from the CEO to the cleaner, participates in performance appraisal. Many boards now undertake annual reviews. Many are embracing more forensic reviews facilitated external consultants. this is still not the norm. Consultants and boards are increasingly recognising the importance of profiling people as well as processes,

protocols and practices. Validated metrics now exist to consider variables like action logics and may well become a part of assessment best practice.

• Professional Development. Currently almost everyone in an organisation participates in training/professional development coming out of performance appraisal. It's difficult to get time poor directors to engage in personal and professional development. Parallel with the research into developmental stages (action logics) there has been a burgeoning interest in professional development that assists corporates, like elite athletes, to maximise their capability and to access later stages of development.

Barrett C. Brown, in a compelling White Paper,<sup>9</sup> explores the disruptive training notion of vertical learning – the value of undertaking targeted and customised developmentally directed professional development enabling directors to acquire later stage competencies to lead and negotiate complex change. Those qualities include  $-\ ^{10}$ 

- The ability to understand the conflicting perspectives of a broad range of stakeholders.
- · Cognitive capacity to engage complex systems.
- · Engaging in emergent organising.

Only 5% of leaders hold the most mature

action logics – levels 6-8 (Transforming,

Alchemical, and Ironic). These leaders are rare

but qualified to cope with the disruptive global

VUCA environment because they demonstrate

mental, emotional, and relational capacities

enabling them to lead and negotiate complex

systems experiencing disruptive change.

- · Demonstrating emotional awareness.
  - Continuously connecting with others to sense and make sense of complex realities.
  - Adapting as fast as change itself.
  - Amplifying wisdom through profound reflection and dialogue to engage in transformational interactions and balance global and local perspectives.

Perhaps the biggest disruptor to enable the future boardroom to govern optimally, may well be the recognition that appointing, evaluating and professionally developing directors and chairs will involve a recognition and application of the knowledge emerging out of developmental science discourse.



Robert Gordon
Board Accord
Robert is presenting workshops
at 10:55am and 2:50pm on Saturday.

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## Survival of the Fittest?

#### LINDA HAYES | ORGANISATIONAL HEALTH

The recent past has seen a fundamental shift in the way most not-for-profit and community sector organisations are expected to deliver our services.

Areas that were once not-for-profit strongholds are transitioning into hyper-competitive, ever-changing and customer-driven markets. We have seen in it employment services, childcare and education. We are seeing it in the aged care industry – note that it is now an 'industry' and not a 'sector' – and will soon see the same changes across disability care, mental health, primary health, legal aid, advocacy and family care.

A range of recent high-impact Federal and State Government reports have reinforced the magnitude and immediacy of change to service delivery organisations, most notably those providing health, aged care, mental health, community care and disability support services. As the level of funding dollars increases there will be greater pressures on choice, efficiency and effectiveness — culminating in greater competition throughout the community service sector.

But bigger and more pervasive change is still to come, and such changes requires boards to engage in a different level of strategic discussions around their viability and sustainability under this 'new horizon'.

Many of our organisations will soon be directly affected by the shift from input-based 'up-front' block funding to output based 'on-delivery' payments for services under the NDIS. Disability organisations are already planning and establishing financial management strategies to manage their change in cash flow during this transition.

Others are experiencing the impact of an increasing number of 'for-profit' organisations diversifying into traditional NFP spaces. These organisations are investigating branding strategies and service delivery models that can be marketed directly to individual service users.

The changing environment requires ongoing organisational review and assessment as an essential responsibility of both our boards and management teams. Organisations need to identify and understand the direct effects that such changes will have on them, and already be employing strategies that strengthen their future position when marketing, tendering or offering services.

The first step is often the most challenging.

#### STEP ONE: TAKE THE FIVE-STEP FITNESS TEST

Under the five core areas listed below, nominate your level of fitness that currently best describes your organisation.

#### Governance

Board policies and processes, statutory compliances, upto-date constitution, succession planning with current and future skills mix, effective management reporting, financial literacy, established decision-making frameworks, and regular stakeholder communication.

COUCH POTATO	GYM MEMBERSHIP NEEDED	BUILDING MUSCLE MASS	MARATHON RUNNER
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#### **Strategy**

Current and future strategic plan, consideration of external influences on planning, contingency planning, sector knowledge, market trends and future needs analysis, the implementation of our strategic directions into our operational plans.

COUCH POTATO	GYM MEMBERSHIP NEEDED	BUILDING MUSCLE MASS	MARATHON RUNNER
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#### **Finance**

Individual reporting systems, cost centre allocations, cost and pricing strategies, forecasting and budgets, assessment of current viability and future sustainability benchmarked against similar organisations.

COUCH POTATO	GYM MEMBERSHIP NEEDED	BUILDING MUSCLE MASS	MARATHON RUNNER
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#### Risk

Organisational risk policies and management processes, board role in risk management, organisational risk registries.

COUCH POTATO	GYM MEMBERSHIP NEEDED	BUILDING MUSCLE MASS	MARATHON RUNNER
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#### Identity

Know who we are and what we do, have strong relationships with our clients, are well known in our broader community, are seen as the local experts, are invited to sector forums, have broad networks within our sector and across other areas, and have information on our services readily available to potential clients and their families.

COUCH POTATO	GYM MEMBERSHIP NEEDED	BUILDING MUSCLE MASS	MARATHON RUNNER
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#### **STEP TWO:** PREPARE YOUR (STRATEGIC) FITNESS PLAN

Ideally, we want our organisation to be as strong as possible across all core business areas. However, in reality, our core strengths tend to fluctuate according to the resources and skills available to us.

This is where a board can really fulfil its purpose by driving the strategic development of the organisation. Focussing on future sustainability, the board can develop clearly defined strategic goals that improve the strength of each core governance area, while service delivery can be the focus of the operations plan.

Together, they create a healthy fitness plan for the whole organisation.



Linda Hayes Corporate Synergies Australia Linda is presenting a workshop at 1:45pm on Saturday.

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# Why Am I On This Board? One Question, Three Ways

MICHELLE TAYLOR | BOARD ENGAGEMENT



Within your own organisation there are

likely opportunities to improve your service by

examining the data you already have. In order

to do this, your organisation needs to have a

consistent and relentless data focus.

Asking board members to answer one simple question in three slightly different ways can unearth the reasons they've lost their passion. Their answers can also provide vital clues about how to reignite the flame.

You're ploughing your way through another tedious non-profit board meeting and it hits you: What am I doing here? Why aren't I spending my Saturday relaxing? Where's my passion gone? Am I making a difference? Why am I so bored?

As a chairperson or CEO, you will have detected the board's and your own disengagement in its earliest stages. You know a 'bored board' is a danger – but what can you do?

The pressure's on. These days you have to compete in a dynamic, customer-driven market and lacklustre performance just won't cut it. Your board needs to be galvanised to provide leadership and strategic guidance, especially if you want to generate innovative,

collaborative and exciting solutions for social change.

The growing malaise in boardrooms across the country prompts the inevitable (and ubiquitous) question at conferences such as this one: How do I engage my board members?

But asking the *prior* question is fundamental: Why have your board members switched off? Why have they lost their internal flame?

With the overwhelming focus now on 'good governance', I believe we often fail to harness the passion and power that lies behind a board member's original motivation for signing up.

#### Boards are bored, and boring. What can be done?

According to Daniel Pink, in his book *Drive: The Surprising Truth about What Motivates Us*, people do not consistently lift their game in response to reward and punishment. In other words, board members won't best be engaged through the use of a 'carrot and stick'.

Pink offers an alternative framework based on intrinsic motivation – the joy of the task itself.

Let's face it, though, the work of a board can be dull, time-

consuming and difficult. When you only give your board compliance-driven, bureaucratic work to do, you risk losing the passion that convinced your members to join the board in the first place. People will stay on the board out of duty or habit — a ready formula for disengagement and

poor performance. Transparency, professionalism and compliance are all important but harnessing personal drive is also critical. But how?

Working with Board members to rediscover their drive, and to learn how to nurture it, doesn't have to be difficult or time-consuming. Give the following question, asked three ways, to individuals to use as a guide for self-reflection. You can also use it during board evaluations, board induction, board

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development planning, in camera board sessions or in oneon-one meetings with the chairperson.

#### 1. Why am I on this board?

What spurred you to put yourself forward as a candidate or to agree to be nominated? What made you accept the role? Your answer could well be, 'I wanted to give something back to the community', but you will need to dig deeper to find what drives you. After all, there are other ways to give back to the community, like volunteering for more 'frontline' roles or donating money or pro bono professional services. Why did you decide on board membership? What did you hope or expect to gain from the experience? Did you want to: Make stronger connections in the community or sector? Use your skills in a different context? Develop particular skills or knowledge? Or demonstrate your personal passion for the cause your organisation serves?

Answering these questions will help you to identify where your current experience is not providing what you'd hoped for. Ask yourself what you or the board could change to increase your satisfaction and motivation.

#### 2. Why am I on this board?

Why you? What is your unique value to the board's work? If you were actively recruited to be on the board, what was the reason you were targeted? If you were elected, why were you chosen ahead of the other candidates? If you were the *only* person nominated, why did they choose *you* instead of nobody at all? Regardless of how you became a board member, you should be able to identify at least one thing that you, and only you, contribute to the board and the organisation. Answers could be that you have specific skills, character traits, connections or experience. Pin your answer down. If it still eludes you, ask yourself, 'If I left this board, what would they lose?

Once you know what you offer the board, you should ask yourself, 'How am I contributing? How could I contribute more in future or in a more effective way?

#### 3. Why am I on this board?

Why *this* board and not the board of another organisation? For long-serving board members, it might be better for you to ask, 'Why am I *still* on this board?' You may have been invited to join the board by someone you liked and respected. You may have taken up the first board opportunity offered to you. Or you may have become a board member because of your long-standing connection with the organisation in other roles.

Dig deep and don't settle for easy answers – particularly if your motivation is dwindling and your happiness waning. If answers don't come to you, try asking yourself, 'What would have to change for me to be happy with this board?'

#### To sum up

The self-reflection involved in answering this one question three ways may well be enough to re-energise your flagging board members and reignite their passion. Their answers should also generate good ideas for change.

An energetic, engaged and passionate board has the potential to transform an organisation in positive and exciting ways. Just one little question, asked three ways – I encourage you to give it a try.



Michelle Taylor

Matrix on Board Consulting

Michelle is presenting a workshop at 2:50pm on Saturday.



# Strategy... The Key Domain of Directors, Chief Executive Officers & Senior Managers

Smart boards are getting out of the boardroom. Tours and

visits, industry forums and conferences, joint board dinners

and forums, winners' weekends and innovation tours are

just a few of the ways directors are informing themselves

about the industry/sector their organisation operates within

and what other boards and organisations are doing.

MICHAEL GOLDSWORTHY | STRATEGY

In this article, Michael Goldsworthy discusses why boards are adopting new approaches to their strategic thinking, strategic discussion and strategic decision making in the boardroom...in essence, their strategic development.

Directors, chief executive officers and senior managers are adopting a more rigorous and focussed approach to;

- the planning, implementation and monitoring of their strategy for the future,
- the determination of their future service/business model and its alignment to their renewed/new vision, mission, values, core business and/or philosophical statements and their emerging/future services,
- the strategic positioning of their organisation as measured against their peers and the marketplace/industry or sector in which the organisation operates.

The new world of human services is upon us... the two key drivers causing boards, chief executive officers and senior managers to adopt the above approaches are the introduction by Commonwealth and/ or State Governments

of customer choice and control, and the creation of a highly competitive marketplace in which organisations will operate.

Six principles that support these approaches are worthy of consideration:

#### 1. Boards Strategise, Directors Are Strategists

Dynamic and proactive boards should, first and foremost, strategise, because individually directors are or should be strategists. In essence, strategy is a way of thinking, not a framework or set of procedural exercises or tools... in fact, traditional strategic planning processes and tools are giving way to scenario planning and therein new, more powerful processes and tools that provide directors with such elements as privileged strategic insights, unique industry or organisational perspectives and defining potential competitive advantage.

Strategic thinking, strategic discussion and strategic decisions are key processes of strategising boards. These

processes enable boards to understand and appreciate such components as:

- The emerging industry/sector big picture, the stage and backdrop upon which the organisation is currently positioned and the likely industry/sector scenarios and their organisation's various strategic options and associated key assumptions, risks and indicative strategies.
- The current 'state of the nation' of their organisation and therein the mission criticals that will need to be addressed to ensure the organisation's future success and sustainability, as well as the various differentiators from the organisation's peers and the marketplace.
- The agreed future scenario of the organisation, in essence its desired future and the associated strategies and/or projects that will propel the organisation forward.

# 2. Strategists Don't Just Rely On Voluminous Reports & Presentations

The days of voluminous reports and presentations being

provided to directors in preparation for their annual strategic planning workshop, to assist them with coming up to speed with the organisation and/or the industry/ sector in which they operate, are over.

Short, sharp, strategic reports and

presentations should paint a snapshot – a picture that enables directors to quickly come to grips with both the industry/sector and organisational situation as well as the associated issues and/or potential opportunities or solutions.

The personality traits of strategic foresight, insight, creativity, innovative thinking and entrepreneurship are but a few of the human qualities and processes that some directors can provide to a board that is actively pursuing development of a new strategy. Whilst not commonly acknowledged, it is worth considering that the personality type of each director is just as important as the skills, knowledge or experience each director brings to the boardroom.

# 3. Industry Insights & Business Intelligence Assist Boards To Strategise

Whilst the vast majority of directors of NFPs contribute significant value and benefit to their board from within their own industry/career skills and experience, many struggle to understand the components, dynamics and trends of the industry/sector in which their organisation operates.

50. Better Boards Conference 2015

Up-to-date industry/sector and business intelligence and understandings can provide critical contributions to strategy, discussion, and formulation, but this relies heavily on individual directors adopting such a mentality and approach

Smart boards are getting out of the boardroom. Tours and visits, industry forums and conferences, joint board dinners and forums, winners' weekends and innovation tours are just a few of the ways directors are informing themselves about the industry/sector their organisation operates within and what other boards and organisations are doing. Typically, boards that attend such events use e-boardrooms 24/7, 365 days a year and may only meet once every two months, undertaking such events and activities in between.

# 4. Recognise The Past, Understand The Present, Create The Future

Creating the future for one's organisation is not just about individual directors being strategists, intuitive, creative, entrepreneurial or putting forward new ideas and opportunities. As a board, directors also need to:

- Recognise past events, processes or learnings.
- Understand the present organisational situation, and the mission criticals that the organisation is facing; that is, those things that are fundamental to the future success and sustainability of the organisation.
- Create the desired future of the organisation, a set of descriptors or a picture of the future state of the organisation and the strategies that will propel the organisation forward.

Across Australia many directors are working hard to increase their understanding of both their organisation and the industry in which it operates. If individual directors and/or boards do not acquire this knowledge they, more often than not, develop flawed organisational strategies or worse still, operational strategies that are in fact not their domain and should not be contained within a strategic plan.

Therefore, it must be recognised by boards that the crafting of powerful, realistic and practical strategies that are founded on recognising the past, understanding the present and creating the future, is typically an art form developed by directors over many years.

# 5. Leadership Teams, The Collective Strategic Capital Of An Organisation

An increasing number of boards are coming to recognise the real value and benefits of forming and utilising a leadership team — the collective and collegial approach that brings together and harnesses the skills, knowledge and wisdom of the directors, chief executive officer and senior managers.

These leadership teams focus on both the internal organisational and external industry strategic challenges and opportunities. They also utilise the organisation's vision, mission, values, core business and philosophy as a touchstone against which they can confirm or refute their strategic thinking, strategic discussion and strategic decisions.

Typically this approach to leadership and strategising will

only be adopted by a more mature, sophisticated board of directors.

In so doing, each individual leader not only recognises their own and others' respective governance or management roles and responsibilities but, most importantly, proactively contributes to this methodology.

#### 6. Talk Is One Thing, Action Is Another

As many a veteran director of the boardroom can attest, 'talk is one thing, action is another'. Whilst focus and discipline in strategising is paramount fulfilling both halves of this mantra is critical if documented strategies are to be properly implemented and monitored.

It is on this basis that an increasing number of boards do not just have a strategic plan, whether an A3 or a full strategic plan, but have also obtained and customised a strategic planning system. In essence, they are utilising a strategic planning framework, process, documents and tools to plan, implement and monitor their strategies.

In summary, boards should "fly their helicopter, not push the lawnmower and talk about the grass clippings".



Michael Goldsworthy

Australian Strategic Services

Michael is the Conference Chairman.



# Mission Critical: How Successful Not-for-Profits Stay on Track

LALI WIRATUNGA | MISSION

Ask volunteers, donors or staff what draws them to a not-for-profit, and expect a top answer to be 'a passion for the organisation's mission'. A compelling mission, attracting the vital support of major stakeholders, is a key driver for the success of high performing organisations in the social sector.

A highly-focussed mission statement is a critical tool to guide leaders through all major decisions –from day-to-day programs that deliver practical and sustainable solutions for social issues, to complex decisions about expanding (or contracting) the boundaries of operations. The value of a clear mission statement cannot be understated. According to Francis Pandolfi, in a 2011 Harvard Business Review article, "an effective mission statement must be a clear description of where an organization is headed in the future that distinctly sets it apart from other entities and makes a compelling case for the need it fills".<sup>1</sup>

High performing not-for-profits are delivering on their mission by anticipating and responding to challenges head on:

#### Reducing the reliance on external funding

Many not-for-profits that rely too heavily on one source of funding, particularly government support which is susceptible to change, increasing the risk of capital losses. Forward thinking not-for-profits are addressing this risk by considering new fundraising techniques, such as crowdfunding and social investment from the private sector.

#### Protecting the brand identity

Community respect for a not-for-profit's brand builds trust with members, beneficiaries and funders. Aligning the work of staff and volunteers with the organisation's values and core beliefs builds brand identity internally. Brand management that includes the communication of the organisation's social mission builds brand identity externally.

#### **Establishing strategic partnerships**

Working with other organisations that have aligned missions and complimentary programs has seen organisations survive and thrive in the competitive not-for-profit sector. A strategic partnership, well-managed, can deliver greater social outcomes to people and communities — more than organisations working alone can realistically achieve.

#### **Proving social value**

A reasonable expectation of funders (foundations, donors, government) is that their investment delivers value by creating social change. In an increasingly impact driven field, not-for-profits are accountable for managing sustainable operations as well as collecting and reporting on evidence of social impact.

#### Staying agile

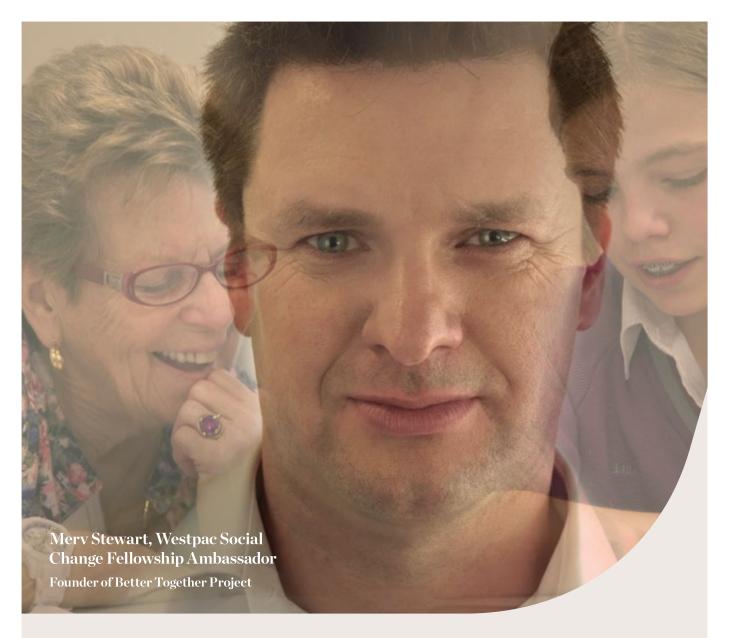
Successful not-for-profits respond quickly to changes in internal and external environments so operations are maintained or improved. Adaptation to change requires a collective intelligence and skill set to minimise threats and maximise opportunities.

A clear mission, focussed on what the organisation does – how and for whom – will help steer not-for-profits towards delivering the sustainable social value they seek.



Lali Wiratunga
Westpac Social Sector Banking
Lali is presenting a workshop
at 12:00pm on Saturday.

A highly-focussed mission statement is a critical tool to guide leaders through all major decisions — from day-to-day programs that deliver practical and sustainable solutions for social issues, to complex decisions about expanding (or contracting) the boundaries of operations.



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## Return on Investment for Fundraising – It's Not Just About the Money

JEFF BUCHANAN | FUNDRAISING

Fundraising, when conducted properly, should produce profitable results. expectation is often stated in two ways: either as 'fundraising should deliver a high return on investment (ROI)', or 'the cost of fundraising should be as low as possible'. After all, every donor or sponsor wants to see as much of their support as possible reach the coalface.

But how high should the return on investment be? Or put another way, what is an acceptable level of cost? There are many factors that have a direct impact on fundraising ROI such as the level of investment, the capability of the staff, the effectiveness of the communication, the favourability of supporter response, timing and so on. One other very important factor linked to ROI is the type of fundraising activity.

When the question is posed, 'What it a good return on investment for fundraising?' the answer has to be 'It depends on the type of fundraising activity involved'. An informed understanding of the ROI of different types of fundraising activities is important because the most successful fundraising programs have an appropriate diversity and balance of activities with action plans to maximise the ROI of each one.

Some fundraising activities (e.g. art unions) are quite 'expensive' and require significant investment, yet they still deliver a very good return on that investment when conducted properly - better than any bank or finance company can offer! For example, should we criticise a nonprofit that invests \$10million per annum in lottery activities that generate \$14million in revenue? In some headlines that could be read as 'shocking'. A 71.4% cost of fundraising! Quick...shut it down! How terrible!

But in reality, it is actually a 40% return on investment that is in line with the returns that well established lottery

activities delivery - and most importantly, it is also \$4million that will be put to achieve its mission.

There are few good sources of information available that present the results of fundraising across a range of activities over time. With

this in mind, we have gathered data ranging back as far as 10 years from publicly available financial statement from 21 non-profits established in New South Wales. Under state law in New South Wales (Charitable Fundraising Act 1991), some non-profits are required to report on the income and expenses for their distinct types of fundraising activities.

The table below shows the results of our analysis for the ROI on \$1.00 for a number of different types of fundraising

Type of fundraising activity	Return from \$1.00 invested
Bequests	\$56.83
Major Gifts	\$33.33
General Donations	\$19.11
Community Fundraising	\$11.15
Regular Giving	\$8.41
Direct Mail Appeals	\$3.66
Events	\$3.43
Lotteries and Art Unions	\$1.51

#### **Implications**

These results should trigger important discussion at board and staff meetings about the type, size and scope of investments that are being made (or not) in a fundraising program. In particular, one might ask, 'Does our organisation make sufficient investment in the most profitable types of fundraising activities such as bequests and major gifts?' Conversely, one could also ask, 'Is our organisation perhaps overinvested in the types of fundraising activities (such as events and direct mail) that are usually more resource intensive?'

All types of fundraising activities are important for reasons beyond the money they raise, but good governance is also about facilitating the best strategy to achieve the most productive balance and performance of fundraising activity. Perhaps any potential disparity in fundraising investment, an unbalanced program or a long-term trend of under performance is disguised by reasonably moderate results and an unchecked acceptance of other factors.

Some fundraising activities (e.g. art unions) are good use by a non-profit to quite 'expensive' and require significant investment, yet they still deliver a very good return on that investment when conducted properly — better than any bank or finance company can offer!

> projects can be presented well, results are relatively easy to measure and they give every person with a view about 'marketing' something to debate!

> Higher rate ROI activities such as major gifts and bequests are usually less attractive for a number of reasons. These types of activities take much longer to produce results (months or years), in some cases the development of

such as direct mail. events and art unions understandably attractive for a number of reasons. These types of activities produce results in reasonably quick time (days or weeks), they feel more tangible to organisational leadership,

Lower rate ROI activities

relationships is felt to be less tangible to organisational leadership, projects need to be discussed at length, results are not easily predicted, more diverse engagement skills are required, more board and senior leadership involvement is required, measurement of progress is not as straightforward as other types of activities and in general, people are impatient.

While there is nothing wrong with lower rate ROI activities, the real problems emerge when they are the ONLY activities being pursued.

With each type of fundraising activity, there are other important factors to consider, such as:

- The initial level of investment to establish a particular type of activity.
- The skill levels of the staff and key volunteers involved.
- The example and support of board members and senior staff.
- The stage of development of the activity (new, reactivated, needing improvement, needing an overhaul, etc.).
- The place of the activity in balance with other fundraising activities in your program given your resources and circumstances.

#### Using ROI to check your fundraising program

What should you do with this information? Take the opportunity to have an important discussion at all levels (including board-level) on questions such as:

- · Do you know what the return on investment is for the different fundraising activities that your organisation has?
- Are you confident that you have the right mix of activities in your organisation?
- What is your judgement about whether your organisation is under-invested or over-invested in particular fundraising activities?
- Are there fundraising activities that are not being utilised that should be?



Jeff Buchanan AskRight Jeff is presenting a workshop at 1:45pm on Saturday.



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## Creating the Workplace of the Future

JENNENE BUCKLEY | 'CULTURE IS OUR ORGANISATION'S GREATEST STRATEGY'

The challenge is for staff from all levels of

the organisation to build skills that are not

normally in mainstream aged care education

programs. Giving them the confidence to

participate in their organisation in new ways,

including both culture and thought leadership.

Feros Care is a multi-award winning, community owned not-for-profit organisation that employs over 500 passionate and dedicated people to deliver services to more than 5000 seniors across the eastern seaboard of Australia. Feros is recognised nationally for its innovation and pioneering role in delivering new models of care delivery as well as for creating a positive workplace that people want to be a part of.

Of our 500 strong Feros workforce, more than a third are teleworkers, working remotely in the community through the use of virtual offices. With this in mind, Feros has placed priority on building innovative engagement, participation and support strategies to enrich our corporate culture.

#### The Goal

Feros Care has, and continues to work hard on, a workplace culture where people feel their contribution is important

and their ideas valued. It is a workplace where staff are committed to creating a positive, fun and innovative environment that focuses on delivering responsive and flexible client driven services. Our workplace values and service principles underpin our recruitment, retention, recognition and reward strategies and are articulated

strategies and are articulated through our workplace *unwritten ground rules*.

The Journey

Feros Care had spent the last six years building the ideal aged care workforce for the 21st century, focusing on our commitment to the development of our staff, their work satisfaction and work-life balance. Our strategies are underpinned by the current and future needs and expectations of our clients and the skills and capability that our staff and future leaders will need.

#### The Rationale For The Journey

In early 2009 Feros Care considered the key drivers of the future and global trends of an ageing demographic, high consumer expectations and a diminishing workforce. Given the Australian demographic changes in workforce-to-retiree ratios, this growing shortage signalled an enormous and imminent challenge for all industries, including aged care.

Through a broader lens, aged care as an industry is often not the 'first choice' of the job seeker. The workforce traditionally pursued by the aged care industry is now increasingly being aggressively targeted by large multi-national companies such as Woolworths and Bunnings, offering an enticing range of incentives, and importantly, higher rates of pay and flexible part-time hours.

These appeal to the mature female workforce who often has family-caring responsibilities for ageing parents, grandchildren, or simply blended family commitments. They are also likely to be juggling second jobs as a result of financial pressures, little or no superannuation, and caring responsibilities. With over 80% of the essential direct care work being undertaken by this group of people, the challenges of a toe-to-toe competition with such 'superemployers' is seriously daunting at best! We also have to tackle the challenges of attracting the younger workforce to an industry that may not be traditionally on their career radar.

In response, Feros Care realised we needed to develop a significant Workplace Culture Strategy that would not

only attract and retain skilled and passionate staff for service delivery, but would encourage an influx of talented and committed people to provide strategy, vision, organisational transformation, and aged care leadership.

Feros Care has since worked hard in developing a vibrant and visionary people and

culture strategy, where our culture has grown to be bigger and stronger than any one individual. Becoming the thing that links everyone together, no matter what department or service they belong to. We knew if our people became engaged with our organisation, our vision and strategy is more likely to be 'owned' by all and focused upon.

The results have been a significant improvement in workplace culture, hitting 91% staff satisfaction (improving from 68% in 2009). Client satisfaction across all services over 90% and Feros has won international, national and state awards on innovation, culture and management. This has included a 2014 ACCQA Better Practice Award for Workforce and 2014 Winner HESTA Outstanding Organisation award in Aged Care.

The challenge is for staff from all levels of the organisation to build skills that are not normally in mainstream aged care education programs. Giving them the confidence to participate in their organisation in new ways, including both culture and thought leadership.

#### The Strategies Involved In Creating The Workplace Of The Future

Feros Care takes an holistic approach to recruiting and retaining staff. Our strategy looks at reputation and industry leadership, development, recruitment, innovation and culture.

Specific initiatives include:

- The Sevenstar Staff Development Program Feros Care's three year accredited course that is developing the skill of our staff at all levels to become our future leaders at Feros Care.
- Our culture initiatives including our 'Unwritten Ground Rules' and 'Fish Philosophy' to create a workplace where fun, play, and positive attitudes foster enthusiasm and creativity that are monitored and improved through annual 'Culture Stocktakes'.
- An Applauding Innovation program to encourage staff to 'think big', raise ideas and create exciting new opportunities, services and programs, both big and small with the organisation's annual Innovations Cup award.
- The Byron Model of Care an exciting roadmap to creating a modern aged care service with many exciting initiatives for staff involving technology, wellness and restorative care.
- Workplace Wellness Programs including a busy schedule of community fun runs and events and our annual Feros

Fitness Forever challenge. These initiatives promote the importance of healthy lifestyles and has created strong bonds and support networks among teams.

- Education Competitions whereby Feros staff are encouraged be part of the many training programs available and to attend team meetings. Staff participation is recognised through financial rewards.
- Innovative communications provision of smartphones. tablets and/or laptops for all remote staff to stay engaged online via FerosOne extranet, collaborative forums, mulita-party video conferencing and e-newsletters and bulletins.

Feros Care is committed to continuing its journey of building an ideal workplace. Feros Care knows intrinsically that culture like this is not something you simply 'achieve' as it is 'never done'. Culture is something the organisation works hard on every single day, particularly as it continues to grow.



Jennene Buckley CEO, Feros Care Feros Care is major supporting partner for this year's Sprout Summit.

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# More Than Just First-World Problems: How Crowdfunding Can Rally the Community Around Your Non-profit or Social Enterprise

TOM DAWKINS | CROWDFUNDING



The Food Justice Truck

I'm sure you've all heard of crowdfunding by now. It's the latest thing. A World Bank study estimated that the global crowdfunding industry could exceed \$90B USD by 2025 almost double the current size of the global venture capital industry.

The rewards-based site Kickstarter, indisputably the biggest global brand in crowdfunding, has passed \$1.4B USD in funds raised by over 70,000 projects. Kickstarter is now the leading go-to-market platform for emerging hardware startups and for new talent in filmmaking, music, game design and more.

But most of the smash hits on Kickstarter are a bit, well,

first-world problem solving. Whether it's being able to get twitter notifications on your wrist<sup>1</sup> or a blender built into your esky2, what we're seeing is a re-ordering of production and redistribution of risk in the manufacturing process, but nothing world-changing.

Non-profits were in fact the original crowdfunders and they've been doing it for a lot longer than the word 'crowdfunding' has been around (which is since 2006 if you're curious).

But crowdfunding, in the right hands, can absolutely change the world for the better.

Non-profits were in fact the original crowdfunders and they've been doing it for a lot longer than the word 'crowdfunding' has been around (which is since 2006 if you're curious).

Crowdfunding, the practice of aggregating of numerous contributions to support institutions, creative projects and the vulnerable, is as old as tithing, and even the modern case-study of community backing for civic projects has numerous antecedents like the campaign to raise funds for the Statue of Liberty base which raised an average of 84 cents from over 160,000 donors in 1885.

StartSomeGood, of which I'm the co-founder, works exclusively with community benefit projects and we've seen some incredibly inspiring campaigns over the four years we've been running. These campaigns show how powerful it is when a community comes together around a goal, and how you can build a community around your non-profit or social enterprise.

Kon Karapanagiotidis and Patrick Lawrence had given

themselves a challenge. Kon, the founder of the Asylum Seekers Resource Centre in Melbourne and Patrick, the CEO, were determined to do something about the impossible situation asylum seekers find themselves in - often subsisting on

about \$20 per week for food, an inadequate amount which results in hunger, malnutrition and poor physical and mental health. And they knew they couldn't get all of them physically attending the Centre itself. They had to bring a solution to them.

Kon and Patrick had an exciting idea for how to address one of the most basic challenges for asylum seekers – how

to afford healthy, fresh food on such an income. Their idea was a mobile market called The Food Justice Truck, which would buy direct from local growers and sell fresh produce to the general public at market rates, allowing the Truck to simultaneously sell to asylum seekers at a 75% discount. This social enterprise would allow the community to buy local and healthy food while helping improve the lives of asylum seekers.

In order to launch such a significant new program they knew they needed to raise funding from new sources, rather than relying on the supporters of their existing, and equally vital, work. They chose crowdfunding as the perfect tool to rally a community behind their vision and last June launched what became one of the largest philanthropic crowdfunding campaigns in Australia's history, raising over \$153,000 to purchase and renovate the truck, allowing it to hit the road earlier this year and start improving lives.



The Rhythm Hut

The team behind The Rhythm Hut, a non-profit community centre devoted to the rhythmic arts (i.e. drumming) on the Central Coast just north of Sydney, also had a pressing challenge they were determined to overcome. They too, would need to rely on their community, not to launch a new program but to save what they already had, as they had just been evicted.

The level of noise they produced was no longer a good fit for their location. They had another space available to them, but in addition to the deposit they had to pay for soundproofing. And they needed to do this quickly, or they could lose the space.

Until recently there would have been few options to raise these funds to save a community centre like The Rhythm Hut. A grant wouldn't move fast enough, a bank would be very unlikely to give them a loan, a larger donation is unlikely to materialise unless someone capable of providing it was already engaged, and that was not the case here.

So they turned to their community to save them, with a makeor-break goal of \$25,000 and 30 days to achieve it. And an amazing thing happened, with 222 supporters contributing over \$35,000, powering them into their (soundproofed) new home.

One of those supporters even wrote in to say that 'Your initiative is transformative. Our community came together in a way that raised our sense of ownership to a new level'.

It's this feeling – the shared sense of ownership over the future of their community – that is at the heart of democracy, at the heart of social change and at the heart of successful community organisations, whether they are non-profits or social enterprises. And it's crucial for crowdfunding success.

'Our. Community. Together.' What she's describing is the opportunity to be part of something bigger than herself, something she really cares about and feels connected to, something she's prepared to invest in and work for. That's a feeling a lot of people are looking for.

As Simon Sinek said, 'When people are financially invested, they want a return. When people are emotionally invested, they want to contribute.' Crowdfunding is a chance to build an emotional connection with a community so that together you can make something real in the world. It relies on contribution, and contribution relies on real connection with your story and your cause.

Crowdfunding is part of a shift in philanthropy from more passive to more participatory forms, from recurring giving project funding, and from life-long commitments individual actions. Crowdfunding is participatory fundraising. By being accountable to goals and timeframes, crowdfunding campaigns become a community effort, lifting a project that the community cares about towards realisation, with a very immediate short-term goal and strong sense of urgency. This requires new skills and a new approach for many non-profits.

This requires more creative and engaging communications, creating content which is meaningful and easily sharable, more transparency and humanness, being honest about what worked and what didn't, and more opportunities for your community to not only sign-on to but give feedback and guide your strategy going forward.

This new approach is already ingrained in many social enterprises, who have to be customer/supporter-centric from day one. But anyone can do it with the right effort and intention. Community groups, established nonprofits, launching social enterprises, independent political candidates and journalists, you and your community.

That's what I find so fundamentally exciting about crowdfunding. It is an invitation open to everyone. Come and share your story. Invite us to be part of it. And if we like what we hear, we'll join you to change the world together.



**Tom Dawkins StartSomeGood** Tom is speaking on Friday in the Sprout Summit program. Follow Tom at www.twitter.com/tomjd

<sup>1.</sup> https://www.kickstarter.com/projects/597507018/pebble-time-awesome-smartwatch-no-compromises/description 2. https://www.kickstarter.com/projects/ryangrepper/coolest-cooler-21st-century-cooler-thats-actually Food Justice Truck (http://startsomegood.com/foodjusticetruck) Rhythm Hut (http://startsomegood.com/therhythmhut)

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Michael Goldsworthy facilitates and project manages a wide range of governance, strategy, and amalgamation, mergers and partnerships project workshops and meetings. Over the last 25 years he has worked with over 6000 NFP organisations throughout Australia bringing a wealth of big picture, strategic and organisational perspectives and practicalities to boards, CEOs & senior managers of NFPs.



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#### Community Business Australia | Tel. (07) 3368 2575 | E. patrick@cbanow.com.au

Patrick Herd and his team of proven professionals at Community Business Australia assists not-forprofit and community based organisations better plan, manage and implement effective governance, strategic and operational processes and practices to ensure their sustainable future. We help organisations grow.



#### CRH Law | Tel. (07) 3236 2900 | E. jobrien@crhlaw.com.au

Joanne O'Brien and Brian Herd lead the NFP team at CRH Law. We are dedicated to, and highly experienced in, giving good, prompt and practical legal advice to not for profits be they big, small or in between. We are in tune with the ever evolving needs of the sector across constitutional reform, restructuring, risk management and mergers and acquisitions.



# **Service Directory**



#### Cultural Flexibility | Tel. 0438 830 515 | E. tomo@culturalflexibility.com.au

Cultural Flexibility is the beginning of responsive enterprise and flexible service delivery. Driven by universal values and mutual goals, we bring innovative, evidence-based strategies that will help your workforce recognise and deliver the needs of your diverse client and business community. That's intercultural training as it should be. Begin your journey today at culturalflexibility.com.au



#### enableHR | Tel. 1300 453 514 | E. sales@enablehr.com

enableHR is Australia's leading cloud based HR, WHS, Volunteer and Employee Management solution for organisations in the NFP sector. Access best practice and legally compliant contract templates, workflows, letters and policies. Backed by Australia's largest workplace specialist firm FCB Workplace Law, start protecting your business today.



#### Equity Trustees Limited | Tel. 1300 133 472 | Web. www.eqt.com.au

Equity Trustees was established in 1888 for the purpose of providing independent and impartial trustee and executor services to help families throughout Australia protect their wealth. We offer a comprehensive range of products and services for personal and corporate clients aimed at protecting, managing and growing wealth. We are a publicly listed company with offices in Melbourne, Kew, Sydney, Brisbane and Perth.



#### Feros Care | Tel. 1300 763 583 | E. info@feroscare.com.au

Feros Care is a multi-award winning not-for-profit organisation that's been offering quality care and support services for older Australians since 1990. We strive to be a strong ambassador and partner in the lives of seniors. Our entire focus is on helping seniors remain independent, socially connected and as healthy as possible.



LAWYERS

#### Gilbert + Tobin | Tel. (02) 9263 4567 | E. DFittler@gtlaw.com.au

Gilbert + Tobin is a leading corporate law firm and legal adviser of choice for organisations that value our entrepreneurial culture and determination to succeed. Through our Third Sector Advisory Group we provide specialist advice to the charitable and not-for-profit sectors including large and small charities, community organisations, corporate foundations, industry associations and private families and individuals. Contact: Darren Fittler



#### The Social Deck | Tel. 0421 243 418 | E. steve@thesocialdeck.com

The Social Deck is an independent communications and behaviour change consultancy. We help Government, local organisations and business to collaborate, engage communities and solve problems using 'lean' strategies combining community engagement, participatory design and behaviour change. We also develop and implement communication and digital strategies, specialising in areas such as social services, environmental management and sustainability, health and Indigenous affairs.



#### Infinity Sponsorship | Tel. 1800 735 738 | E. abby@infinitysponsorship.com.au

Infinity Sponsorship specialises in supporting not-for-profit organisations, charities and events to plan, find, connect with and keep valuable partnerships with corporate sponsors. We are a market leader in practical and effective sponsorship solutions, coaching and training and work alongside many premium brands as well as not-for-profits of all shapes and sizes to create long lasting, mutually beneficial partnerships. Visit us at www.infinitysponsorship.com.au



#### Matrix on Board Consulting | Tel. 1800 MATRIX | E. info@mob.com.au

Matrix on Board Consulting is a division of the Matrix on Board Group which has been supporting capability in Australian nonprofits since 1997. We provide capacity building and sector development services to assist these organisations to adapt to change, build potential and have a positive enduring impact.

# **Service Directory**



#### NFP Lawyers | Tel. (07) 3160 0010 | E. joanne.redburn@nfplawyers.com.au

NFP Lawyers is a specialist boutique law practice providing legal support to the not for profit sector. We identify issues and risk areas, offer practical advice and assistance for issues affecting not for profit organisations and social enterprises. Our clients have come from various areas of Australia and undertake a wide range of activities and services. We aim to provide specialist legal support which is also cost effective.



#### Only Human Communication | Tel. 0417 718 093 | E. moya@onlyhuman.com.au

We help NFP people use the power of their stories to share the value of their cause and organisation. Strategic stories improve practice and process, build reputation and attract people to join us. Moya's company Only Human Communication is Australia's leading NFP story agency with two decades of experience in the sector. Moya is the Story Activist



#### OzHarvest | Tel. 1800 108 006 | E. info@ozharvst.org

Founded in 2004 by Australia's 2010 Local Hero of the Year, OzHarvest is the first perishable food rescue organisation in Australia collecting surplus food from commercial outlets and delivering it, direct and free of charge, to more than 600 charities that provide much needed assistance to vulnerable men, women and children across Sydney, Adelaide, Brisbane, Canberra, Gold Coast, Melbourne, Newcastle and Perth.



#### Russell Kennedy Lawyers | Tel. (08) 9609 1555 | E. info@rk.com.au

Russell Kennedy Lawyers is a leader in the provision of legal services and continues to be recognised for their expertise with Best Lawyers 2015 recently selecting seven lawyers from Russell Kennedy's health, aged care and retirement living teams and listing as among Australia's best. We have significant demonstrable experience in clinical and corporate governance in the Not for Profit and corporate organisations of aged care and retirement living.



#### Sharrock Pitman Legal | Tel. (03) 9560 2922 | E. sp@sharrockpitman.com.au

For over 30 years, Sharrock Pitman Legal have assisted charities and other 'not for profit' organisations with their challenging, unique range of legal issues. Our NFP legal work will provide peace of mind concerning your compliance and regulatory issues and full protection of your legal, financial and property interests. Our legal work and our service are FULLY GUARANTEED for our NFP clients.

#### Wentworth Lawyers Wentworth Lawyers Pty Ltd | Tel. (03) 9607 8380 | E. admin@wentworthlawyers.com.au

A boutique commercial advisory practice with an emphasis on practical advice for NFP's from taxation matters, dispute resolution and constitutions to general commercial and contracts advice. We have extensive involvement with peak bodies in negotiations and discussions in NFP taxation matters with Government, Treasury and the Australian Taxation Office.

## 2016 Conference Information

If you have a paper you would like to present at the 2016 Better Boards Conference, or are interested in trade or sponsorship opportunities, please contact Better Boards in October this year, or check the Better Boards website and download the call for papers document or sponsorship prospectus when they become available in October: www.betterboards.net

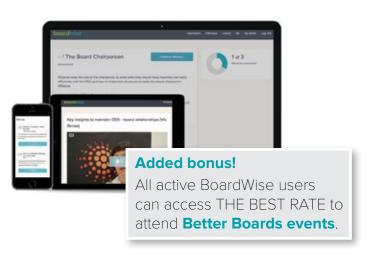
Every effort has been made to ensure information in the program is correct at the time of publishing. The opinions expressed in this publication are those of the authors and are not necessarily those of Better Boards Australasia or its employees and partners.

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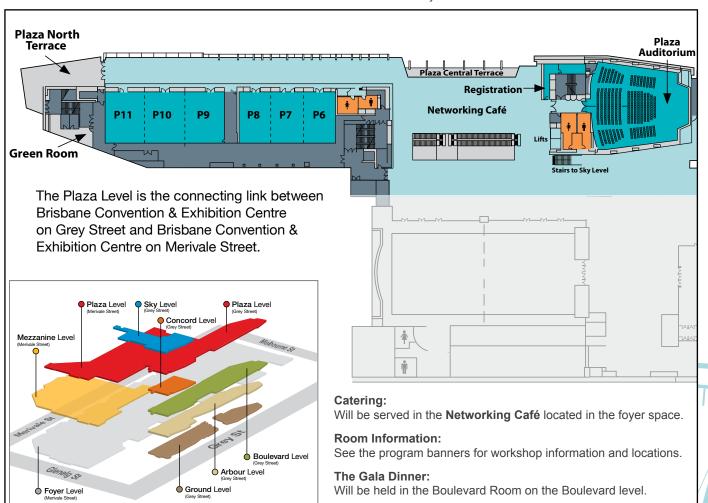
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# **Venue Map**

#### **BRISBANE CONVENTION & EXHIBITION CENTRE**

Plaza Level: Brisbane Convention & Exhibition Centre on Merivale Street & Grey Street



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# better boards

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Better Boards Australasia Phone: (03) 5429 3786 Email: info@betterboards.net www.betterboards.net