

**better
boards**
conference 2017

28-30 JULY
BRISBANE CONVENTION AND EXHIBITION CENTRE



ADAPTIVE DIRECTORSHIP:

Governing for the unpredictable



Conference Magazine

11th Australasian Better Boards Conference

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

CEO's Leadership Breakfast Partner:



Conference Supporter:



Innovation Tour Partner:



Networking Drinks Partner:



Trade Partners:



Academic Partner:



Endorsing Organisations:



Message from the Conference Chairman



Warm welcome to the 11th Australasian Better Boards Conference. Whether you are attending for the first time or you are joining us again this year, I trust you will enjoy the collegial atmosphere, opportunity for networking, and the engaging, informative presentations.

During the last 16 years, the Better Boards Conference has played a pivotal role in enhancing directors, CEOs and executives' understanding of the principles and practices of governance and its practical application in the boardroom.

This year's conference theme *Adaptive Directorship: Governing for the unpredictable* builds on the last two conferences, which in essence were focused on assisting leaders to:

- understand the disruption that is impacting their industry or sector and organisation
- strategically transform their organisations, re-engineer their business models and reinvent their cultures.

Keynote speakers and presenters will unpack the conference theme and thereby strengthen directors' understanding of the various transformational leadership frameworks, processes and tools, and their ability to adapt and navigate their organisation into the new customer-driven, competitive marketplace.

The conference program has been designed with four strategic areas; *Adaption, Strategy, Governance, Board Dynamics*.

Partnering with those who are inspiring change and action in our society is a real benefit of for-purpose organisations, and that's why we're proud to welcome all of our sponsors, trade exhibitors and partners and thank them for their support of this important leadership event.

The professional development of individual directors, boards and CEOs is a continuous journey and one that Better Boards is very proud to have contributed to significantly over the last 16 years with a unique and valuable governance and leadership event for you, the leaders of for-purpose organisations in Australasia.

I look forward to welcoming new and returning participants, as well as re-connecting with colleagues.

Once again, welcome...

Yours sincerely,

Michael Goldsworthy
Conference Chairman

Quick Reference Section Finder:

Digital Q&A and Feedback Information	4.
Board Member Innovation Tour Information	7.
CEO's Day Program	8.
Better Boards Conference Program	10.
Articles.....	18.
2018 Information.....	43.
Venue Map	43.



Presentation Feedback & Speakers' Slides

TELL US ABOUT YOUR EXPERIENCE TODAY

HOW TO GET ON PHEEDLOOP?

1. **Jump on your browser**
(laptop, tablet or phone)
2. **www.pheedloop.com/bbc17**



Feedback helps us to gauge the level of interest in each topic, the quality of the presentations and ultimately the success of the event.

It also helps to guide our decision-making for the next conference, assisting Better Boards to offer relevant presentation topics again the following year.

Q. HOW IS FEEDBACK COLLECTED?

A. WITH THE PHEEDLOOP APP

1. Click on the session in Pheedloop
2. Move the sliders on each of the 5 areas of feedback.
3. Add any additional comments
4. Click 'Submit' at the bottom of the page.



Slide Decks for Download

Completing the digital feedback for **each session** you attend will enable you to download the slides for that presentation* right away.

**Available for all sessions where slide decks have been provided in advance of the conference.*

Overall Event Feedback

All completed **Overall Conference Feedback** responses go in the draw to win \$600 to be donated to the not-for-profit organisation of your choice.

The winner will be drawn after the conference and contacted via phone and email. Details will appear at www.betterboards.net

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.

How to ask or vote for a question during Q&A:

1. Launch your web browser on your smartphone, tablet or laptop.
2. Enter **www.pigeonhole.at** into the address bar.



3. Enter passcode: **BBC17**

Venue WiFi: **boards17**

Event Agenda:
Tap to enter
each session

Q&A Overlay:
Tap anywhere
to dismiss

Q&A Session:
Post questions
Vote by tapping
on the arrow
Tap on the back
arrow to go back



Remember to keep your phone on silent when in session.

Message from the Lord Mayor



It gives me great pleasure to welcome delegates of the Better Boards Conference 2017 to Brisbane – Australia's New World City.

During your time in our warm and welcoming city, I have no doubt you will see why more people than ever are choosing Brisbane for an inspiring and exciting destination for investment, leisure, study and convention.

There is so much happening in Brisbane now, from new developments to a flourishing dining and bar scene and cultural offerings that attract global attention.

Brisbane's pro-business approach, enterprising optimism and enviable lifestyle underpin our city's growing profile as a highly desirable place to work and do business. More businesses, from start-ups to multinationals, are coming to Brisbane to collaborate, innovate and to tap into our many market opportunities.

Here you will also find some of the country's most exciting, creative and sophisticated restaurants, coffee shops and bars. From the highest end of culinary culture, to cosy cafes and everything in between - you will certainly eat well in Brisbane.

As Australia's most sustainable city, Brisbane boasts a clean and green environment with a comprehensive network of walkways and lush parklands to explore outside of conference plenary.

If you have the time, I encourage you to get out and about to experience Brisbane's unique lifestyle. Whether it's a complimentary Brisbane Greeter tour with a knowledgeable local, shopping in the Queen Street Mall or viewing the latest works at the internationally acclaimed Queensland Art Gallery and Gallery of Modern Art, there's something for everyone.

On behalf of the City of Brisbane, I hope your conference experience is productive and enjoyable.

Graham Quirk

Lord Mayor of Brisbane



WE HELP ORGANISATIONS GET ORGANISED



Meet us at Better Boards 2017

At Community Business Australia we understand that while many not-for-profit organisations excel at providing dedicated services to their clients, behind the scenes their approach to corporate responsibilities can be a completely different story.

That's where we come in. We've assembled a team of seasoned professionals to help give you the specialised support you need to prosper; at all business levels.

Get organised with Community Business Australia.

To learn how we can support you, contact Patrick Herd.

P 07 3368 2575 **M** 0404 646 961

E patrick@cbanow.com.au

cbanow.com.au

Our team of expert consultants specialise in:

- Strategic and business planning
- Practical governance education
- Financial analysis and reporting
- Legal services
- Partnership and alliances
- Human resource management
- Executive recruiting
- New business development
- Brand and marketing communication



**Community Business
Australia**

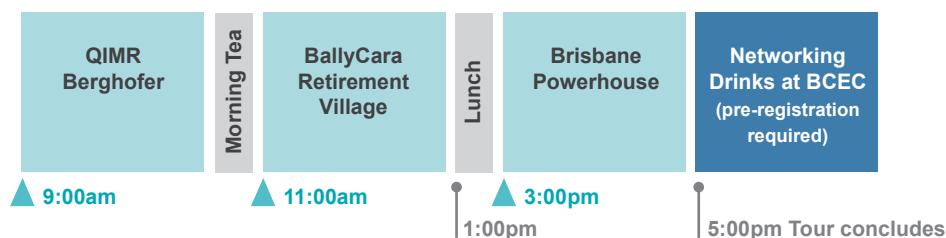
Program, Board Member Innovation Tour

FRIDAY JULY 28

Arrival & Check in: 8:00am
Tour Departs 8:30am sharp.



Quick overview:



TOUR OVERVIEW

The Board Member Innovation Tour will take delegates on an excursion to three diverse organisations around Brisbane where the strategies and innovations employed to address organisational challenges will be discussed in the frame of the 2017 Better Boards Conference theme: *Adaptive Directorship: Governing for the unpredictable*.

Lunch will be held at the Wooden Horse Restaurant where you will be free to network with tour participants. The tour 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 and Exhibition Centre.



Welcome from the Board Member Innovation Tour Partner



Welcome to the Better Boards Conference. This year's theme prepares us for 'Governing for the Unpredictable'. And while I cannot confirm what the future holds for you, what I can say with confidence is the 2017 conference is set to exceed all expectations!

At Community Business Australia, we specialise in helping not-for-profit and community groups to grow by assisting with their development of strategic plans and implementing effective governance processes to perform better in today's economic landscape.

Through our team of consultants, CBA delivers a full spectrum of specialised expertise, embracing: legal services, business development, executive recruitment, human resource management, finance, as well as marketing and communication. In fact, we have all the necessary business skills and experience to help every organisation get organised.

We are very proud to partner with the Better Boards Conference and excited to get behind their endeavour to share fresh concepts, valuable insights, and revolutionary new ideas.

This year, Community Business Australia is delighted to sponsor the Board Member Innovation Tour. After a successful tour last year, this year's Board Member Innovation Tour hits the streets of Brisbane to visit facilities operated by three diverse organisations: **QIMR Berghofer**, **BallyCara** and **Brisbane Powerhouse**.

The tour will give delegates like you the unique platform to network with a number of CEOs, Board Chairs and Directors, providing a social forum to discuss the game plans they are developing to address organisational obstacles they face in the current environment.

I encourage you to engage with your touring party. I'm sure the conversations will go a long way towards providing you with the confidence and inspiration to implement a number of processes to 'govern for the unpredictable' within your organisation.

Regards

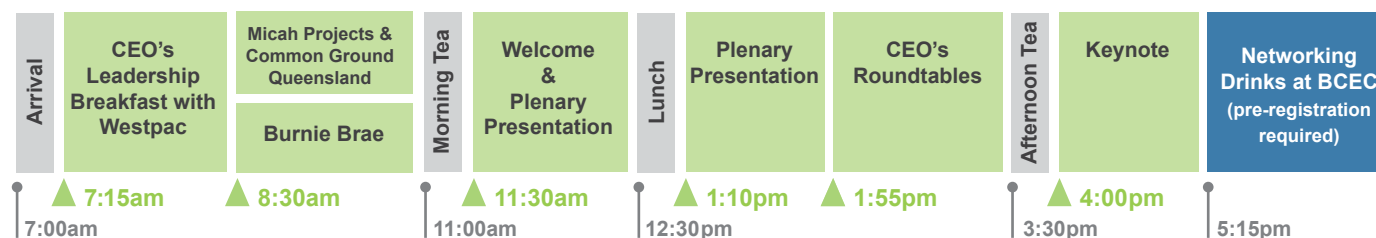
Patrick Herd, Principal Consultant
Community Business Australia

Program, CEO's Day

FRIDAY JULY 28 | PLAZA TERRACE ROOM



Quick overview:



Speakers

CEO'S LEADERSHIP BREAKFAST WITH WESTPAC

Adaptive Leadership in a Not-For-Profit Context

CEO's Day in 2017 will begin with a seated breakfast and a chance to meet other leaders of not-for-profit organisations from across Australasia. Duncan will be speaking on marrying great moral imperative and urgency with an absence of human and financial capital, and the thesis that there are few better training grounds for corporate executives in relation to capital efficiency, than the not-for-profit sector.



Duncan Murray – Group Chief Executive Officer, Cape York Group

Duncan Murray is a former investment banker and lawyer, but for the majority of his career has been a CEO and COO lead operator in the public and private sectors, as well as the private equity and not-for-profit industry. Duncan was the inaugural Chairman of the Amy Gillett Foundation (2006-2013) and recently retired as a Director. He is the Deputy Chairman of Cycling Australia.



Tour Venues

CEO'S DAY INNOVATION TOUR

CEOs who attend CEO's Day this year will have the opportunity to visit an innovative organisation during the off-site component of the day. Both organisations offer a worthy example of strategies employed to ensure the successful governance and leadership of an organisation in response to changing market conditions and/or unpredictable times.

CEOs will visit either Micah Projects & Common Ground Queensland or Burnie Brae before returning to the Brisbane Convention and Exhibition Centre. Allocation of groups will be random, tour participants will be assigned a bus number at the registration desk when checking in.



WELCOME & PLENARY PRESENTATION

Building Futures: Boards and Citizenship

Professor McLean explores the meaning of adaptiveness, relationships, citizenry, collaboration, risk and resilience – essential concepts for boards governing in today's volatile, uncertain, complex and ambiguous (VUCA) world. McLean investigates the need for 'caring and daring' in high functioning board leadership and management, using both case studies and contemporary theory.



Professor Judith McLean – Chair Arts Education (QUT/ QPAC),

Working with boards and executive teams, McLean identifies people's intrinsic motivations and how these, combined with collaborative thinking and action, transform organisations.



//////////////////////////////////// Lunch //////////////////////////////////////

PLENARY PRESENTATION

➔ Continual Improvement & Business Growth Using Consumer Engagement & Analytics

Find out why engaging and partnering with consumers is so important. Within an increasingly competitive and consumer-centric market, it is critical services work with consumers, families and carers. Consumers can provide valuable insights into opportunities for improvement. At the same time, effective consumer engagement is a powerful tool in mitigating against the risk of system failure, neglect, exploitation or abuse.



Shane Rendalls – Director Synergy Health and Business Collaborative

Shane has a clinical social work background with over 30 years' experience working in the human services sector, in government, not-for-profit and community organisations. He has a research Master's degree examining patient satisfaction with primary health services and a conjoint appointment with the St Vincent's Clinical School, UNSW focussing on clinical governance, quality and safety, and cancer care. Shane is a non executive director of two NFPs and recently founded BeHeard.



CEO's Roundtables

CHOOSE THREE TABLES

The CEO's Day roundtable session aims to create an open environment to meet other leaders from the not-for-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 topics will be displayed on screen during the session.

//////////////////////////////////// Afternoon Tea //////////////////////////////////////

CLOSING KEYNOTE

➔ A Coaching Mindset for Leadership: Igniting Organisational Performance

Explore what it means to have a coaching mindset in leadership. Hear Geoff discuss how different approaches to leadership are needed to navigate the increasing volatility, uncertainty, complexity and ambiguity (VUCA) of organisational life. Coaching will be presented as a leadership approach that can open up people to new conversations and ways of thinking about solutions to new kinds of challenges.



Dr Geoff Abbott – Director of Executive and Organisational Coaching, QUT Graduate School of Business

Geoff manages coaching programs at the School including the fostering of coaching as an essential leadership practice in complex environments. He facilitates and coaches across programs related to leadership, including within the Executive MBA, and corporate leadership development programs. Geoff has expertise in global executive coaching as a practitioner, trainer, researcher and author. He is a Member of the Association for Coaching Global Advisory Board, and co-editor of the Routledge Companion to International Business Coaching (Moral and Abbott, 2011).



//////////////////////////////////// Leadership Networking Drinks //////////////////////////////////////

LEADERSHIP NETWORKING DRINKS (TICKETED SEPARATELY)

With Russell Kennedy Lawyers

Complimentary for those delegates attending any of the events on Friday (pre-registration is a must), the Leadership Networking Drinks with Russell Kennedy Lawyers provide a great opportunity to continue conversations and follow up introductions made throughout the day.

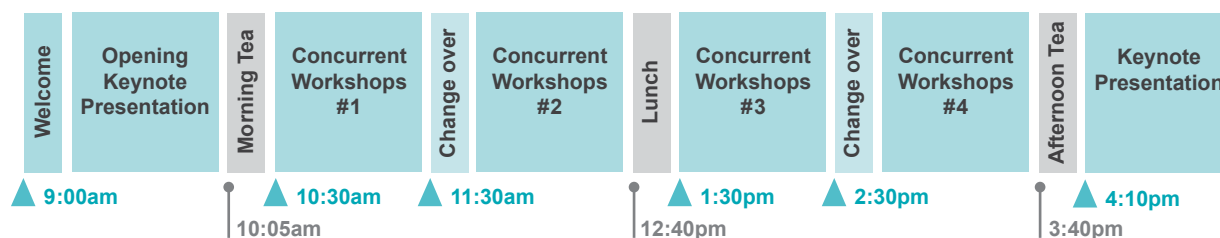


Program, Better Boards Conference

SATURDAY JULY 29

better
boards
conference

Quick overview:



Speakers

YOUR MASTER OF CEREMONIES



Darren Isenberg

We welcome Darren Isenberg as the MC for the 11th Australasian Better Boards Conference. We hope you enjoy his trademark warmth and sophisticated-yet-slightly-cheeky manner as he facilitates this weekend's plenary sessions.

OPENING KEYNOTE PRESENTATION

➔ Plaza Terrace Room



Neuroscience of Leadership

Dr Fiona Kerr – Industry Professor, Systems and Neural Complexity, Faculties of Professions and Health Sciences, The University of Adelaide

Fiona brings together the fields of social cognitive neuroscience and complex systems dynamics to tackle large, wicked problems by distilling complex issues into useful, pragmatic ideas, and framing them in a way that entices people to get involved and help shape change.

A major driver is her interest in the value of human interaction and its transformative power, such as the ability of leaders to build flourishing environments and boost complex thinking.



better
boards

Director & Executive Webinars

Webinars for directors, board members, chief executive officers and leaders of not-for-profit organisations.

Better Boards curates an on-going series of webinars, held monthly, on topics pertinent to directors and executives of not-for-profit organisations. Each webinar is presented by an expert on the topic. See www.betterboards.net/webinars for details.

boardwise

Get a “season pass” to attend all webinars by becoming a BoardWise member.

All webinar registrants are able to access the full recording post event.

Interested in one particular webinar? Recordings can be purchased individually.

Details available at: www.betterboards.net/webinars

Concurrent Workshops #1

SELECT ONE



➡ Plaza Terrace Room



Adapt to Skills Shortages Through Location Independence: Distributed Teams

Nina Sochon – CEO and Distributed Teams Expert, Transformed Teams

Leaders today have an unprecedented opportunity to raise the level of skill in their organisation. In unpredictable times, a strong staff becomes harder to achieve and yet more important. Not-for-profits are 'playing around the edges' with remote work and perhaps don't realise the huge potential they have to tap into a much wider labour market. In this presentation, you'll discover the leading practice framework for fully engaging remote workers. You'll see through case studies how it is possible to attract and retain fantastic people through a strong, high-performing distributed team.

➡ P1 & 2 combined



No Safe Place B: Rethinking Change Management

Nigel Donovan – Principal, Donovan Ataraxy Pty Ltd

Traditional change management focuses on getting to the new normal as quickly or painlessly as possible. From Safe Place to 'Safe Place'. This logic is flawed – change is so pervasive that there is no 'Safe Place B'. Continuous change creates an environment of stress, anxiety and frustration. Under sustained pressure self-protective behaviours emerge. People become close-minded, defensive, procrastinate, easily irritated, or focused on detail rather than strategy. A powerful and proven alternative applies a neuro-psychotherapeutic approach to help leaders grow a culture that is simply better at working and thriving amid change and ambiguity.

➡ P3, 4 & 5 combined



Induction Insights for Directors

Steven Bowman – Director, Conscious Governance

This workshop will explore the critical components of a highly effective board induction program and how this can help create the foundation of a strategic boardroom. This workshop will draw on the findings of research with over 400 global CEOs, chairs and board members, who were asked to explore what a good board induction looks like (after recounting their personal, albeit 'mystifying' experiences).

NOTES	TAKEAWAYS	ACTIONS

Concurrent Workshops #2

SELECT ONE



➡ Plaza Terrace Room



NFP Sustainability: Business Models for Survival and Scale

George Liacos – Managing Director, Spark Strategy

Sustainable funding is today's holy grail for not-for-profits, and it's proving to be just as elusive. With the tightening of government purse strings, extreme policy shifts and increased competition, not-for-profits can no longer rely on traditional models to survive, they have to think differently about creating social value. This practical session, for leaders and directors, will explore elements of the business model, and how these can serve as levers for survival and scale.

➡ P1 & 2 combined



Unlocking Boardroom Blocks to Innovation

Rosie Yeo – Director, Public Affairs Network Pty Ltd

The best boards facilitate creative thinking and innovation within the boardroom and across the organisation. Yet too often boards of not-for-profits and member organisations are seen as blockers rather than enablers, and conservative rather than creative. There are 3 keys to unlocking constructive, innovative thinking in the boardroom and beyond. Participants will workshop whether these three keys are present in their boardroom and if not, how to introduce them.

➡ P3, 4 & 5 combined



Board Sub Committees are a Risk! There is a Better Way!

Victor Hamit – Director, Wentworth Lawyers

This presentation challenges the orthodox view that through sub committees 'the work load is shared' or 'many hands make light work'. In fact, Victor contends that this approach leads more often than not to:

1. More work and inefficiencies;
2. Increased risk to board members;
3. A loss of focus and empire building; and
4. Ignoring good governance frameworks.

Join Victor as he explains why this is so, and offers a practical and easy-to-implement solution.

NOTES	TAKEAWAYS	ACTIONS

Concurrent Workshops #3

SELECT ONE



➡ Plaza Terrace Room



Gearing Up Governance for Transformation

Karen Bevan – Chief Executive Officer, Girl Guides Australia

Using a range of case studies and a review of recent not-for-profit history, this paper will argue that not-for-profit boards must be willing to deeply examine their mission, look closely at collaboration and continually ask themselves whether the organisation is relevant and if not, do something about it. To thrive will we need to collaborate, share power and mobilise resources in ways that challenge the fundamental conservatism of not-for-profit governance. This paper suggests that mission driven not-for-profits will need to embrace transformation as a constant state and adapt governance practice to meet the challenge.

➡ P1 & 2 combined



Managing the Board-CEO Dynamic

James Beck – Managing Director, Effective Governance

For sustained organisational success, it is essential that the relationship between the board and CEO be strong and professional. The CEO is the board's only employee, thus, a unique relationship exists between the CEO and the board. The board's key responsibilities as the CEO's employer include CEO appointment; succession planning; regularly undertaking CEO performance reviews; assisting the CEO through mentoring; reviewing CEO remuneration; and, if required, termination of the CEO. James will touch on each of these responsibilities with a focus on CEO assessment and how to improve the board-CEO dynamic.

➡ P3, 4 & 5 combined



Asset-protection and Investment – An Opportunity for Stability

Vera Visevic – Partner, Mills Oakley

In an increasingly litigious and changing environment, not-for-profits often face uncertainty regarding potential strategies and how to meet the need for consistent financial income. This presentation will demonstrate how separating an organisation's operations from its assets can help to guard against such concerns by stimulating investment opportunity, alongside its financial return potential, and protecting assets in a litigation context. Vera will further examine the numerous legal obligations on directors and officeholders alike that demand attention and require expert guidance to ensure the success of providing for the future of the not-for-profit.

NOTES	TAKEAWAYS	ACTIONS

Concurrent Workshops #4

SELECT ONE



➡ Plaza Terrace Room



The New Sponsorship Revolution

Abby Clemence – Managing Director, Infinity Sponsorship

Rather than focusing on well-intended philanthropy, organisations need to focus on structured, strategic partnerships with the corporate sector where your core mission and their core business intersect.

‘Consumers with a conscience’ are becoming more aware (especially our younger pioneering generations) that they hold the real power over corporates, as they demand brands cease to operate from a place of ‘profits at all costs’ and start becoming a ‘force for good’. As a Board Director, you need to be aware of this new paradigm to ensure your organisation is capitalising on the powerful shifts already occurring in society.

➡ P1 & 2 combined



Intergeneration Diversity in the Boardroom; Risk vs Risk

Paul Smith – Co-founder and CEO, Future Directors Institute, Chair, Jane Goodall Institute Australia

Paul will facilitate an interactive discussion on the subject of intergeneration (or age) diversity in the boardroom and whether it is too risky to have younger people as directors, or risky not having them. The world is changing and technology moves faster than boardroom strategy. Millennials and Gen X are underrepresented in Australian boardrooms but combined are the largest part of the workforce, investor and consumer base. Their perspectives and ideologies are, by and large, different.

➡ P3, 4 & 5 combined



‘Adapt or Die’ – A Transformation Story

Linda Noble – Chief Executive, Governance New Zealand and Women on Boards

With a customer base that had been shrinking year on year, the Governance New Zealand Board recognised it needed to either ‘adapt or die’. The board chose to adapt which started the transformational process from Chartered Secretaries New Zealand to their new identity, Governance New Zealand – a dynamic, agile and progressive organisation that is relevant and has influence in the market.

This presentation will detail the strategic journey, provide insights into some of the decision-making processes, the challenges and how these were overcome, the governance issues around the acquisition of Women on Boards, and then briefly look at where the organisation is now and plans for future growth.

NOTES	TAKEAWAYS	ACTIONS



4:10pm

KEYNOTE PRESENTATION

➡ Plaza Terrace Room



Future Boards: The Adaptive Board for Adaptive Times

Andrew Donovan – Principal, Thoughtpost Governance

Boards were designed in a slower, simpler and more certain era than directors face today. In these adaptive times with 'few constraints and many variables' is a new model for boards required?

Andrew will lead the audience in a discussion and exploration of how boards can:

- Define their value to an organisation
- Fundamentally rethink the board skills needs for adaptive decision making
- Recalibrate their relationships between themselves and with management, and
- Create fit-for-purpose structures and processes to support achievement of results.

Gala Dinner & Entertainment

RYDGES 'LEVEL 12'

7:00pm - 10:00pm



Join us for dinner and entertainment at 7:00pm.

The Gala Dinner is the social highlight of the Better Boards Conference and will be held at Rydges 'Level 12' on Saturday 29 July. It's a great chance to unwind and take in the city lights after a day of information gathering. Enjoy a meal with your board, meet others and be entertained!

Location:

Level 12, Rydges South Bank,
9 Glenelg St, South Brisbane.

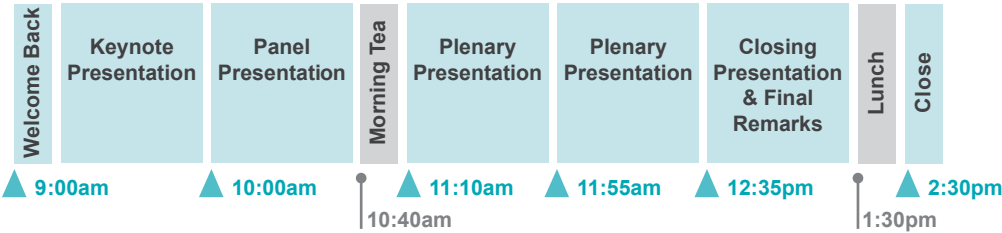
Arrival: From 6:45pm



Program

SUNDAY JULY 30

Quick overview:



KEYNOTE PRESENTATION

➡ Plaza Terrace Room



Preparing for the Unpredictable

Julie Garland McLellan – Chief Executive Officer, Great Governance

Boards spend a vast amount of time and energy setting the strategic direction but neglect to develop their own decision-making skills for when life, inevitably, fails to follow the plan.

This presentation will analyse the real life case study of a good board that had a bad experience. You, the audience, will be engaged in deciding what you would have done under the same circumstances and then comparing your instinctive reactions with those of the real life board. Extroverts in the audience will be able to join in the discussion and the introverts will be able to reflect on what they would do and how they would do it.

This interactive presentation will help you gain collective decision-making skills to apply in your own boardrooms and confidence in applying good governance and business theory to real life situations requiring fast decisions.

PANEL PRESENTATION



Finding a Future – Adapting Through Collaboration

Patrick Herd – Principal Consultant, Community Business Australia
Joanne O'Brien – Partner, CRH Law
Sue Thomson – Chief Executive Officer, McLean Care

Adapting to the deregulation of markets for government funded service delivery is one of the greatest challenges not-for-profit directors are confronting at present. The shift to consumer driven markets (particularly in aged care and disability care) combined with the funding reductions being felt in all parts of the sector has many boards questioning the future viability of their organisations.

Innovative solutions to these challenges often require money to develop a level of resources and commitment that are beyond most not-for-profit community organisations. Some organisations are discovering that the answer lies in what not-for-profits have in the past found to be a natural fit – working and collaborating together. Patrick, Joanne and Sue will present a case study on a group of organisations from northern rural NSW who have taken collaboration to a new level.

//////////////////// Morning Tea //////////////////////////////////////

PLENARY PRESENTATION



➡ Plaza Terrace Room



Structuring for Uncertainty

Gavin Nicholson – Associate Professor, QUT Business School
Jackie Bettington – Researcher, QUT Business School
Natalie Elms – Researcher, QUT Business School

In this session, we will discuss how governance policy, processes and board composition can help boards deal better with uncertainty. In particular, we highlight insights from recent research on how two aspects of board composition can assist boards to make better decisions, particularly when facing disruptive environments and translate these into practical takeaways for boards and directors.

PLENARY PRESENTATION

➡ Plaza Terrace Room



Moving Crisis Management from 'War Room' to Board Room

Dr Tony Jaques – Director, Issueoutcomes Pty Ltd

For a long time crisis management was largely regarded as a tactical activity which could be delegated down the organisation. It was also seen mainly as what to do when a crisis strikes.

This presentation emphasises that emerging best practice is that crisis management begins long before the triggering event, with a strong focus on prevention, and that responsibility lies absolutely in the boardroom.

Tony will introduce the innovative concept of Crisis Proofing and describe, through current case studies and examples, the specific actions senior executives and directors can take to protect the organisation from the terrible impact of a crisis.

CLOSING KEYNOTE PRESENTATION

➡ Plaza Terrace Room



Adaptive Directorship: Governing with Creativity

A rapidly evolving business environment can produce any number of challenges. Some may appear unexpectedly, while others may be forecast but arrive more quickly and with greater impact than predicted. What can a director do to help formulate the best way forward for their organisation? How can directors discover new ideas and disruptive solutions that allow their organisation to adapt to the changing scenarios they may be presented with?

Kick-start your process of innovation with a little motivation to challenge your current thinking style. Join us in this closing presentation for a little treat to round off your weekend and give you some valuable tips on how to think more creatively.

FINAL REMARKS

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 not-for-profit sector? Who have you met, and what difference can you make with your new connections?

We hope you will take away new knowledge and connections to enable you to practice your governance with maximum impact, and continue to lead your organisation forward with integrity in the not-for-profit sector.

Please enjoy the networking lunch provided for you in the foyer, and we look forward to seeing you again in 2018.





The Touchy Subject of CEO Dismissal

JAMES BECK | RECRUITMENT & HR

Firing the CEO can be one of the most difficult decisions a board can make – it will also be among the most critical. However, many boards, including those of not-for-profit organisations, will resist bringing up the need to fire their CEOs, while other boards will be far too quick to fire their chief executives.

There are many reasons a board may be slow to act when it comes to CEO dismissal:

- In the case of the CEO demonstrating to the board that they are unable to cope with the demands of the position, one reason a board might not handle worsening situations such as this well is that directors may not know of the abilities of the managers already present inside the organisation or what is reasonable performance for the sector in which the organisation operates.
- Directors may also be concerned about how key stakeholders, such as major clients or funders, may react to the potential removal of the CEO.
- Other reasons for the board not acting include concerns about finding another CEO with the appropriate skills and experience to take the job; or the CEO's contract includes a large termination payment; or in other cases, the board may wish to avoid open conflict with the CEO, particularly if the CEO dominates the board.

On the other hand, firing the CEO too quickly can mean the organisation may lose a good CEO, who just needed to learn from their mistakes and prevent a recurrence. For example, the CEO's leadership style may be highly directive, while the previous CEO was collaborative, which may upset both the board and the CEO's direct reports. Boards must recognise that each CEO brings a unique set of knowledge, skills and experience, and they will not be the same as the previous CEO or any other CEO the board was hoping to emulate. It should be noted that CEOs are not always readily available. Further, most organisations will not have developed succession plans successfully and, thus, will not have managers prepared to step up to the CEO position, particularly at short notice, which is another reason to think carefully about firing the CEO too quickly.

Replacing a CEO is time-consuming, expensive, and potentially disruptive – the implementation of board decisions can be left in limbo, staff morale can plummet and there is always the risk that the new CEO will not perform any better. Before rushing to dismiss the CEO, the board must balance the costs of replacement against the potential benefits.

When the board does make the decision to dismiss the CEO, there are generally two major reasons:

1. A sudden crisis involving the CEO such as a breach of the law or the organisation's code of conduct or actions that are so damaging to the organisation and its reputation that the CEO must be removed.
2. Ongoing pattern of non-performance, e.g.
 - Failure to live up to the agreed-upon standards of performance;
 - Inability to fit into the culture of the organisation or lead effectively; or
 - Inability to implement the agreed strategy or adapt to a changing environment, which is often the case in the not-for-profit sector.

Many organisations now contract their CEOs on a continuing contract, but subject to the board having the power to terminate the contract for either any disclosed reason or non-disclosed reason, upon a notice period, often either 3 or 6 months.

In addition to the normal CEO assessment process, which should provide feedback from the board and the CEO's direct reports, the board is responsible for ensuring there is a process to bring any issues with the CEO's performance to them as soon as they occur, for example, workplace bullying accusations or loss of a major contract. In other words, the board should provide the CEO with real-time feedback.

Should the board not be satisfied with the CEO's actions on these matters, it will need

to investigate the problems further to find their causes. If these investigations reveal that the CEO is not handling the job well, the board may need to take a more active role in the strategic and functional operation of the organisation. The CEO will need to set clear objectives and have the consequences of their actions clearly outlined.

By this stage, it is not uncommon for the CEO to realise that the problem is escalating out of their control and the CEO may offer to resign. Alternatively, the board will need to act decisively to limit damage should they need to remove a CEO.

Key questions for the board at this stage include:

- What needs to be considered before determining grounds for termination?
- The board should understand the organisation's legal obligations as the CEO's employer, e.g. contract terms, *Fair Work Act 2009* (Cth).
- Who will provide the CEO with notice of termination?

...firing the CEO too quickly can mean the organisation may lose a good CEO, who just needed to learn from their mistakes and prevent a recurrence.

- For example, in some cases the chair and another director may meet with the CEO to give them a letter of termination, explain the reasons for the termination and provide them with the opportunity to ask questions.
- Who will lead the company when the CEO is dismissed?
 - The board should be prepared to appoint an interim CEO for the period of transition.
- Who will be charged with moving the termination process forward and ensuring all arrangements, policies, procedures and legislative requirements are followed?
 - Will an ad hoc board committee be established, or will the chair or a subgroup of directors oversee the process?
- What are the external reporting requirements?
 - If the CEO is on the board of a not-for-profit organisation, ASIC or the ACNC must be notified.
- What impact will this have on our key stakeholders?
 - The board should consider the impact of replacing the CEO on internal and external stakeholders – a communication plan should be put in place to address any concerns.

Finally, the board should also consider its part in the CEO's failure:

- Did the board communicate its expectations to the CEO?
- Did it hire the right CEO given the organisation's strategy?
- Did the board regularly review the CEO's performance through a formal assessment process?
- Did the board provide appropriate support and feedback to the former CEO?
- Does the board have the expertise needed to make effective decisions?

By reviewing its own part in the failure of the former CEO, the board will be in a much better position to ensure a successful and productive partnership with the new CEO.



James Beck
Effective Governance
James is presenting a workshop at 1:30pm on Saturday.



**Our people make
the difference**

At Russell Kennedy we make a difference to our clients' by providing value for money and practical legal services.

We have acted for clients in the not-for-profit, aged care & disability sectors for more than 30 years.

We understand how legal and compliance issues impact on our clients' ability to provide services which assist, support, guide and inform the community sectors in which they operate.

Working with our clients' goals in mind, we are their expert partner.

rk.com.au
Melbourne • Canberra



Victor Harcourt
VHarcourt@rk.com.au
03 9609 1693



Michael Gorton AM
MGorton@rk.com.au
03 9609 1505



Solomon Miller
SMiller@rk.com.au
03 9609 1650



Jonathan Teh
JTeh@rk.com.au
03 9609 1587



Emma Turner
ETurner@rk.com.au
03 8602 7223



Anita Courtney
ACourtney@rk.com.au
03 8602 7211



It's Lonely at the Top: Why External Coaching Support For Your Executives is Critical to Your Organisation's Success

NIGEL DONOVAN | LEADERSHIP COACHING



There are very few safe harbours in the world these days and for the isolated CEO or executive carrying all the pressure, providing them with one will make a significant difference to their performance and longevity, and through them, the organisation.

It doesn't matter how smart, insightful or even self-aware you are, getting a quality, external perspective helps. Someone to help sort the important from the urgent, who doesn't have a vested interest in anything other than your success.

Even the best of the best (i.e. Branson, Gates) rely on others who complement their skills, who offer honesty where others wouldn't (for fear of impacting their own position), and who offer a sounding board that safely challenges thinking and comfort zones.

Key Points:

1. It's lonely at the top.
2. CEOs have busy brains, with multiple conflicting priorities.
3. It is logically and physically impossible to be objective from within the system.
4. Get yourself a sounding board.

Getting external executive coaching support is not an admission of doubt or a weakness, rather evidence of maturity, intelligence and rationality. This is especially so during times of rapid and continuous change. This operational disruption keeps people internally focussed, myopic and reactive.

Organisations and businesses have boards because having several people with different perspectives, expertise and experience, forming a view on a matter and contributing knowledge, helps reduce risk and make better decisions. We also engage auditors to reduce risk in critical areas –

except, strangely, our most expensive personnel.

The CEO is often isolated; stuck between the top-down strategic expectations of the board and the bottom-up divisional and operational imperatives of the executive team and broader leadership.

Theirs is also the busiest mind in the place with many, often conflicting, priorities. They 'own' and feel responsibility for the success of the business. They are after all the boss; delegated with the authority to implement strategy and reduce risk. The executive team, who all have career aspirations of their own, often look at the CEO as part mentor and part obstacle.

The CEO must also be respectful of the board's position. It isn't a good look to bring a myriad of problems to the board. CEOs are supposed to bring solutions. It's what they are paid for and what the board expects.

CEOs rarely say, "I'm stressed and could use some external support."

So, without a safe harbour above or below, what happens? They become increasingly isolated. They are awake, at

three o'clock in the morning, worrying about random business problems, key decisions and plans. Their mind is full and stress creeps-up. The stress and isolation has a predictable impact on performance. They, and therefore the organisation, becomes short-sighted, closed-

minded, inflexible, defensive, with impaired problem-solving ability, and a lack of big picture strategic perspective.

Let's not forget, these are resourceful people. You don't become CEO without being a good problem solver. So, they go to what they know and try to solve the challenges of self-management, stress management, and mental well-being for themselves.

However, working on improving a system (their mind) from a perspective that is wholly within the system is very difficult. Professional sport has coaches, because no matter how good you are, there are things you can only see from the perspective of the grandstand. External perspectives are valuable, precisely *because* they are not actually in the game.

The board provides that to a degree, but they are obliged to do what is best for the organisation. The CEO needs, from a corporate governance perspective, to stay at arm's length of individual board members; minimising selective confidences or asymmetric information.

It is difficult for a CEO to be vulnerable and express doubt, stress or fear to the board; whose task is to reduce risk (including 'key person risk') in the organisation. It is

understandable, in such cases, for the CEO to fear that the board may start casting an eye toward the next CEO; one 'who can handle it'.

However, from the perspective of your own mind, some problems are simply unresolvable. Even the most resourceful, insightful and intelligent leaders benefit from being able to share their thinking with a trusted sounding board.

This is not just some observation, it is mathematically proven. In the early 1900s, the world of mathematics was full of pride and confidence. David Hilbert presented 23 key unresolved problems in mathematics with the imperative 'we must know, we will know'. Then along comes a young Kurt Gödel, who annoyingly proved that it is impossible to completely understand any system from within the system you are trying to define.

A couple of decades later, Alan Turing proved that not only can you not know everything, you cannot even know in advance which problems are solvable at all, or how long they will take to solve.

Having coached many executives, I find that while I'm usually engaged to help them dial down stress and improve their self-awareness and leadership, the coaching tends to shift.

I become a confidential sounding board for ideas that are not quite ready for the board, for project troubleshooting, to air stressors and fears, or to confidentially discuss other key people and how to get the best out of them.

The benefit they get from simply being in a room with a whiteboard and a skilled, trusted, interested but external (i.e., outside the system) resource is enormous.

If you're a CEO, think about getting external support for yourself and/or your executive team.

If you're on the board and can see your CEO or key people are under the pump and want to support your most expensive and leveraged human resource, encourage them to get some external personal leadership support. They may not want to, but if you can see stress in them where they do not, it is probably worth being a little pushy.



Nigel Donovan
Donovan Ataraxy Pty Limited
Nigel is presenting a workshop
at 10:30am on Saturday.

**r & g technologies**
Putting People Back Into Technology



FREE IT ASSESSMENT

Is your organisation making technology work?
Get a free IT assessment to find out.

R & G Technologies is an award winning Australian IT and Cloud service provider and proudly support Not For Profit Organisations.

CALL 1300 562 886
rgtechnologies.com.au

**Social Purpose**
CONSULTING

HELPING ORGANISATIONS AND PEOPLE
ACHIEVE THEIR SOCIAL PURPOSE



Strategic Services
Executive Services
Business Development
Frontline Services
Corporate Social Responsibility

www.socialpurposeconsulting.com.au
P. (02) 8052 3644



Adapting Through Collaboration – The NIACC Alliance

PATRICK HERD & JOANNE O'BRIEN | BUSINESS MODELS

There has been a lot written and spoken about mergers and amalgamations in the NFP sector in recent years. Indeed it has been all but impossible to go to an industry conference and pick up a publication that doesn't have a presentation, comment or story about the 'urge to merge'.

In some cases, government has encouraged or facilitated mergers between particular not-for-profit service providers or amongst providers engaged in discreet areas of service delivery, such as disability employment providers and homelessness services.

The factors behind this push are well known:

- Competition amongst not-for-profits for government funding and philanthropic money;
- Competition with commercial providers; most notably in the aged care & disability sectors;
- Scarcity of appropriately trained and committed workers; and
- Government indifference to the history of community providers and obsession with positive headlines and pure financial return on tax payer money.

It is a given that many NFPs need to change their business models to confront these challenges and it must be acknowledged that a lot of organisations have done valuable and innovative work in developing and adapting in the face of this change. Sadly, however, many smaller organisations, particularly those in regional areas have felt they had no option but to find a larger organisation to merge with.

Each one of those amalgamations results in some degree of loss to the community and there are inevitably winners and losers in any amalgamation or merger. Even for the 'winner', the surviving organisation; the true costs are not easily identified or quantified. There are the obvious up-front costs associated with due diligence investigations, amalgamation agreements and transactional costs but there are also costs that typically surface after the fact such as:

1. HR time and resources spent trying to mesh together two very different workplaces including the impact on that elusive commodity that is 'culture';

2. The complications associated with melding together different IT and finance systems;
3. Payout or termination fees for service contracts to avoid duplication from multiple service providers;
4. Termination payments for staff who don't want to join the new amalgamated entity or who refuse to (or can't) change and have to be 'moved on';
5. The opportunity costs associated with having senior members of management distracted from core business by being involved in ensuring the amalgamation proceeds and is then successful; and
6. The resources required to ensure that clients, staff and stakeholders are supported through the transition phase so that the business remains intact.

An alternative vision is that the key to success for NFPs in all sectors is increased collaboration¹. Regardless of their purpose or the services they provide; all not-for-profit organisations can benefit from formal and informal collaborations with each other. Collaboration can be the key to survival in the increasingly competitive environment in which NFPs must operate.

Rather than concede to the pressures and find a merger/ amalgamation partner before it's too late, or to struggle on until there is no option but to close the doors, it is far better to build on what the organisation has achieved by finding ways to enhance the achievements by collaborating with

others. Those others might have a common purpose and provide the same services enabling them to create scale and build strength or they might have a purpose and services that are complementary allowing them to create opportunities for innovation and growth.

Such collaborations may ultimately lead to mergers or amalgamations but they can enable that to occur in a more controlled, satisfying and successful environment.

Looking for collaborative opportunities can also enable organisations to maintain control of their own destiny and not be pushed into mergers or amalgamations because of a sudden unanticipated loss of funding or loss of key personnel.

There are six keys to successful collaborations:

1. Being clear about the reasons for seeking a collaborative arrangement;
2. Identifying partners who share or complement your purpose and vision;

Rather than concede to the pressures and find a merger/amalgamation partner before it's too late, or to struggle on until there is no option but to close the doors, it is far better to build on what the organisation has achieved by finding ways to enhance the achievements by collaborating with others.

3. Engaging in a well thought out process for establishing relationships, communication strategies and agreement on key objectives;
4. Following an objective and transparent due diligence process to minimise risks;
5. Establishing a governance framework for the collaboration;
6. Clearly enunciating and documenting the agreement about what the collaborators will do together and what they will do for each other.

These arrangements can create a resilient group of organisations that achieve far more together than they could ever do operating alone.

One example of how such collaborations can work is the NIACC Alliance; a group of community-based home and aged care providers that, through a facilitated process have developed an alliance and created a special purpose vehicle that will enable them to leverage their shared expertise and resources. The NIACC Alliance members range from an aged care provider with 18 residents to a provider that

has multiple facilities and home care services as well as a retirement village. The Alliance is well on the way to securing the future of all members through cost savings on supplies, administration and governance support and plans for shared services.

The NIACC Alliance demonstrates how even the smallest organisation can take control of its own destiny by finding ways to collaborate with others to create a stronger future for themselves, their staff and most importantly, the people they serve – their purpose.



Patrick Herd
Community Business Australia
 Patrick is facilitating a panel presentation with Joanne O'Brien & Sue Thomson at 10:00am on Sunday.

¹ Kevin Robbie, CEO of United Way Australia



Board Effect
 Good Governance on the Go




The #1 Board Portal Solution for Non-profit Leadership Worldwide

Make Your Board Truly Paperless

Cloud-Based | Secure | Efficient | Green

1300 NFPBOARDS
WWW.BOARDEFFECT.COM.AU

Protecting and supporting your community



Protecting your organisation against operational risks and exposures.

Organisations can experience unwelcome surprises that could potentially threaten their financial position; leaving board members, owners and managers exposed to personal liability and placing their business under threat.

Call your broker to get a quote from Ansvar.

1300 650 540 www.ansvar.com.au
 ABN: 21 007 216 506 AFSL: 237826



ansvar
 insurance



Why Millennials Could Be the Missing Link in Your Boardroom

PAUL SMITH | BOARD COMPOSITION

When it comes to non-executive board positions, Millennials (or Gen Y) are often snubbed in favour of more experienced directors, or overlooked entirely. However, they could be the key to creating the perfect balance in your boardroom.

Of all publicly listed companies in Australia, about 2% of their directors are under the age of 45. The stats are better for the not-for-profit world but I'd wager that very few of these positions are filled by people under 30.

These statistics have become something of a self-fulfilling prophecy. Younger generations look at the current composition of boardrooms and decide that they stand little-to-zero chance of landing a director role. As such, boards are rarely approached by young, budding directors, and therefore often don't have the opportunity to take on great Millennials, or even their slightly older peers, Generation X.

But the reality is that normalising the possibility for young people to become involved in the boardroom would be beneficial for everyone. Of course, it's not hard to tally up a list of reasons why a young person would want to be on a board; the skills learnt, a strong desire to make a difference, networking and career opportunities that would be invaluable for a rising star in any industry. But what about the benefits for a board? Let's take a look at some ways that bringing Millennials into the boardroom would be beneficial to not just the board but the organisation as a whole.

The Growing Trend in Diversity

This is one of the hot topics in the governance space in recent years and with good reason. Let's be honest, as most directors who have sat or are sitting on a board will know, they tend to be dominated by older white men. And while the number of women entering the boardroom is on the rise, change is painfully slow.

If managed well (i.e. with high emotional intelligence), an eclectic group of directors means a greater variety of input, healthier debates, and insights and experience that can give a boardroom greater scope when assessing the industry landscape, managing risks and steps the organisation can take in going forward. On top of this,

diverse boardrooms attract more diverse donors and grant-makers.

So, where do Millennials come into a diverse boardroom? It is, of course, important to have directors from all walks of life, including gender, culture and ethnicity. But to maximise on this eclecticism, it's vital to have directors of all ages too.

The Exuberance of Youth

Besides simply providing a board with a youthful edge, Millennials also provide invaluable insight, knowledge and energy. Of course, we all know that Millennials are digital natives, meaning they have a far more natural understanding of technology and social media than your typical director. But their value extends far beyond that. The exuberance

offered by young directors I've worked with is a breath of fresh air in the boardroom, stimulating the rest of the board as well as pushing projects forward at a quicker, more dynamic rate.

Another trait that comes so naturally to Millennials – and that boards are in such dire need of – is their ability to problem-solve and take risks. The conservative

approach that many boards take is often stultifying. They tend to be risk averse especially when it comes to new ideas and concepts, like digital engagement with audiences, and therefore instinctively choose the safer route, even if it's not the wisest one. A youthful energy in a boardroom can help to mitigate these patterns and provide some much-needed momentum.

The Millennial Effect Elsewhere

While boardrooms may still be sceptical of bringing Millennials into the fray, other areas of business have welcomed them with open arms, and they're enjoying the benefits of engaging with this young, dynamic generation. In the US, Millennials now outnumber baby boomers in the workforce, at 83.1 million to 75.4 million; and the average employee age at the world's top five tech companies is between 28 and 31.

Success Stories

Would the 'Millennial Effect' be effective in the boardroom, though? The evidence suggests that, given the opportunity,

younger generations would rise to the challenge and relish it. The boards of not-for-profits FYA and CanTeen are dominated by younger generations, and they're reaping the benefits of their innovative and swashbuckling approach. Likewise, I've had the pleasure of working with directors

...we all know that Millennials are digital natives, meaning they have a far more natural understanding of technology and social media than your typical director. But their value extends far beyond that.

Don't discount the importance of experience over experiences when it comes to running a successful boardroom; but, as is often the case, a balance is key to achieving the goals of the whole organisation.

as young as 21 who've found director roles at the Future Business Council.

All of this points to a need for boardrooms to not only be more open to the idea of accepting Millennials into director roles, but also to actively seek them out. This isn't just important for the future of the next wave of directors, it's important for the success of existing boards.

None of this is to say, however, that bringing Millennials into your boardroom doesn't come with risks. It does. Boards need to do their homework and hire the right person for the role, not putting too much precedence on age. But this is a caveat that every board should be aware of whenever they take on a new director.

Similarly, I wouldn't recommend a board to be solely run by Millennials. Don't discount the importance of experience over experiences when it comes to running a successful boardroom; but, as is often the case, a balance is key to

achieving the goals of the whole organisation. The younger generations can learn from those older than them, and likewise the older generations can enjoy the dynamism, energy and new skills that those younger ones bring to the boardroom.

A good board needs to be aware of its own shortcomings and needs, and being open to taking on directors who can help them to innovate and prosper.

A good board needs to be aware of its own shortcomings and needs, and being open to taking on directors who can help them to innovate and prosper. The director space is

moving forward in this direction. The need to have diversity in the boardroom is becoming more and more apparent and a healthy mix of generations is key to achieving this.



Paul Smith
Future Directors Institute
Paul is presenting a workshop at 2:40pm on Saturday.

Strategic thinking, strategic discussion & strategic decisions...developing the strategy

For more information please call our team on 03 5429 6331 or visit www.asspl.com.au

ASSPL is a specialist and dynamic team of Management and Desktop Publishing Consultants who develop and deliver a unique set of governance, strategic and organisational processes, products and services to the leadership teams (board members, chief executive officers and senior managers) of Not for Profits throughout Australia.

Innovative tools available are:

- BizPlan™; Strategic Planning System
- TAGS™; The Australian Governance System
- DASHBOARD™; Performance Management System
- MAPS™; Mergers, Amalgamations & Partnerships System
- TRANSFORMATION™; Strategic Transformation System

The facilitation of and strategic advice for:

- Governance/Board Workshops and Events
- Strategy and Transformation Projects
- Amalgamations/Mergers/Partnership Projects

 **AUSTRALIAN STRATEGIC SERVICES**



Association Boards: Getting to 'Yay!'

ROSIE YEO | EFFECTIVE MEETINGS

Board consensus is not about reaching lowest common denominator, grudging agreements – but about making decisions together that board members accept and can actively support, particularly when communicating them to stakeholders and association members.

While all boards have their unique quirks and strengths, association boards can face particular challenges in reaching genuine consensus for action on major strategic issues. Here are three key challenges I've identified as experienced by many associations, and some practical, easy-to-implement ideas for overcoming them. Many of these challenges (and the solutions) are equally relevant to other not-for-profit, government and corporate boards.

Challenges to consensus

1. Working Relationships

The mix of appointed/elected directors can result in a variety of personalities, experience and motivations. Limited meeting time restricts opportunities to build relationships based on shared goals and trust.

2. Which Language? Which Process?

Different backgrounds and experiences amongst directors often means there is no agreed shorthand around strategy. So misunderstandings can arise simply because of different definitions.

Some directors may be more comfortable focusing on the big picture while others want to jump to a discussion on tactics. If a clear, consistent process is not applied, the result can be confusion, backtracking and frustration.

3. Risk appetite

As representatives of a wider membership, often association boards can be hamstrung by uncertainty about what their members want, or less willing to consider alternative courses of action.

Getting to 'Yay'

Some simple techniques and a bit of thinking ahead can make a huge difference in designing a planning process which will facilitate genuine consensus in the boardroom.

1. Invest in planning

Allocate sufficient time for preparation as well as for the actual strategy sessions. Consider all the inputs that may

be useful in the process and the best ways of obtaining these, including data such as member feedback.

2. Design an effective agenda

The agenda should be based on a process that steps through key issues in a logical way. For every section of the agenda, identify a key question that needs to be answered. That way people will be clearer about the reason for the discussion and more focused on reaching consensus.

Keep the structure clear and uncomplicated. If you have an overly complicated structure you will waste valuable time debating definitions and process rather than what needs to get done. Between each section of the session recap where you have got to and clearly explain the next steps.

Ensure at least one part of the session is done differently to previous sessions. This will open up opportunities for creative thinking and may help challenge personal assumptions that impact on reaching consensus. For example, if you normally stick to a formal agenda, start the day with an informal brainstorming

exercise; invite an external guest speaker for a 30 minute session to challenge thinking on a key issue; include small group discussions; or use visual cues/reporting rather than just text.

3. Set the scene and identify common ground in advance

Consider a pre-session survey or one-on-one interviews with directors to identify key issues which need to be addressed, as well as identifying areas of common agreement which won't require extensive discussion during the session.

Ensure all participants are provided with important background information at least one week prior to the session, including accepted starting points and key questions to be answered.

4. Identify and dismantle barriers to innovation

The best boards facilitate creative thinking and innovation within the boardroom and across the organisation. The three keys to unlocking innovation in the boardroom are trust (between board members and management), space (creating time and permission to explore ideas) and a shared story.

Ensure at least one part of the session is done differently to previous sessions. This will open up opportunities for creative thinking and may help challenge personal assumptions that impact on reaching consensus.



Rosie Yeo
Public Affairs Network Pty Ltd
Rosie is presenting a workshop at 11:40am on Saturday.

BoardWise: Easy access to governance knowledge



Is BoardWise for you?

- ✓ Are you passionate about making your organisation the best it can be?
- ✓ Are you after access to governance knowledge and experience 'on-call'?
- ✓ Are you keen to ensure your board is on the 'same page' on governance issues?
- ✓ Do you have a requirement to track your CPD hours?
- ✓ Are you constantly looking for new ideas to improve your leadership qualities?
- ✓ Are you keen to hear the latest thoughts on governance practices?

BoardWise is a professional development platform that provides your entire board with cost-effective remote learning.

BoardWise has been created specifically for directors of not-for-profit boards. Containing a continually evolving collection of the latest thinking in NFP governance, it is a very cost effective way to strengthen your whole leadership team.

BoardWise members also get free access to monthly webinars run by Better Boards, and the best ticket price to the Better Boards Conference.

The place to go when you want year-round access to governance & leadership knowledge.



boardwise[®]
→ RESOURCING EXCEPTIONAL LEADERS

Join BoardWise for knowledge & experience today: www.boardwise.net



Why Crisis Management is a Boardroom Responsibility

TONY JAQUES | CRISIS MANAGEMENT

The single most important recent development in crisis management is the growing recognition that responsibility for this critical function lies absolutely with the board and top executives.

While there surely is no shortage of agenda items jostling for board attention, there is ample evidence that leaders who ignore the new crisis management best practice are placing their organisations at serious risk.

Most importantly, potential damage from a crisis applies to organisations of all types and all sizes. Indeed, not-for-profits and charities may in fact be at even greater risk, given their special reliance on reputation and public confidence.

For a long time crisis management was widely regarded as a largely tactical activity which could be delegated to lower level managers, with the focus mainly on preparing a crisis manual in advance; holding an occasional simulation exercise; and hopefully responding as well as possible in the event of a crisis actually occurring.

Of course tactical preparedness is still important, but a new approach to crisis management is now emerging which demands much more direct participation from the executive suite and the boardroom, and a much greater focus on strategic crisis prevention – that is, taking steps to prevent a crisis from happening in the first place, rather than simply responding when a crisis strikes.

This more integrated executive approach is what lies behind the new concept of Crisis Proofing – moving responsibility to senior management, and moving the leadership mindset from what to do in the event of a crisis to what can be done to prevent crises from happening.

What's crucial here is that this change can only happen at the top of the organisation and can only happen if the board and the executive are fully engaged. Greater participation has been evolving for a while, but has recently gathered pace for two main reasons. Firstly, increased demands for transparency and accountability now mean stakeholders have an inherent expectation of greater participation by top management. Secondly, some well-publicised stumbles by directors in the face of high-profile crises have seen regulators and the media increase their

focus on the expected role of the board when things go wrong.

There is progress in this area, though evolution towards greater integration is slow. A global survey of board members, published in early 2016,* found that fewer than half of the non-executive directors questioned reported they had engaged with management to understand what was being done to support crisis preparedness. And only half the boards had undertaken specific discussion with management about crisis prevention.

The same survey showed that 73 per cent of the non-executive directors named reputation as their single greatest crisis vulnerability, yet only 39 per cent said there was a plan for it. And even fewer (32 per cent) said their company engaged in crisis simulations or training. Worryingly, fewer than half of the respondents believed their own organisation had the capabilities or processes needed to detect potential trouble and to meet a crisis with the best possible outcome. Indeed, the Australian segment

of the international data showed an even lower overall level of confidence.

But change needs to happen, and that change should not be seen as an impost on board time and resources. Put simply, the Crisis Proofing approach highlights the important transition for organisational leaders at the highest level to start thinking about crisis management not in tactical terms but as an important strategic element of effective governance.

Crises can cause a variety of impacts – organisational, reputational, operational, political and financial – and all of these areas are legitimate concerns for the board. And as the mindset moves from immediate response to encompass these broader impacts, the board responsibilities become increasingly evident.

Moreover, beyond ensuring that processes are in place to respond to crises, and to identify problems early to prevent them becoming crises, there is another important element on the crisis management continuum which is frequently under-estimated, namely the critical post-crisis phase.

Many organisations tend to think of post-crisis management as little more than operational recovery and restoration of business as usual. That a good Business Continuity Plan is all that's needed. The sad truth is that such thinking is not only wrong but can expose the organisation to serious risk.

...73 per cent of the non-executive directors named reputation as their single greatest crisis vulnerability, yet only 39 per cent said there was a plan for it.

...but a new approach to crisis management is now emerging which demands much more direct participation from the executive suite and the boardroom, and a much greater focus on strategic crisis prevention...

* Deloitte, Touche Tohmatsu & Forbes Insights (2016). A Crisis of Confidence.

The dangerous period after the triggering event *seems* to be over has been called the “crisis after the crisis” and can potentially cause even greater damage than the crisis itself. This is the time when the organisation may be facing coroners’ inquests, government inquiries, litigation and adverse media attention that may last months or even years and cause prolonged damage to reputation.

No board member would question that such impacts are part of governance, though they might not be seen as part of conventional crisis management. The emerging new best practice presents crisis management as an integrated organisational responsibility, embracing crisis preparedness, crisis prevention, incident response and comprehensive post-crisis management. However, such integration can be achieved only when boards and executives play their full role.



Tony Jaques
Issue Outcomes Pty Ltd
Tony is presenting a plenary session at 11:55am on Sunday.

Dr Tony Jaques’ latest book is *Crisis Proofing: How to save your company from disaster* (Oxford University Press, 2016)

Enter the code **CRISIS17**

when you order *Crisis Proofing* from oup.com.au and receive **30% off***.

*New Zealand customers can only redeem the promo code offer online in AUD. New Zealand customers please free call 0800 442 502 or email cs.au@oup.com for further information.

Shipping is free.
Promo code is case sensitive.
The offer is valid until 30/09/17.

Would you like to collate and disseminate your board papers in five minutes?

A board portal will enhance the security of your board communications while saving you time.

BoardWorks delivers certainty, ingenuity and advantage via secure Australian hosting with innovation that is backed by a global technology leader.

Visit [Computershare](#) at Trade Stand G to see how [BoardWorks](#) can help you. Speak to the team about our preferential pricing for not-for-profit organisations.

E: governanceservices@computershare.com.au

T: +61 3 9415 5423

www.cgsboardworks.com



BoardWorks™

Computershare

NFP Executive Recruitment

Focused on fit



Do you want to attract and retain executive talent that fits your culture?



What about a recruitment solution that fits your budget and business needs?



Would partnering with a recruiter that fits the NFP sector appeal to you?

Find out more:

j.mp/cbb-exec

consulting@cbb.com.au

1300 284 364

cbb
Community Business Bureau



Listen: Take Notice of and Act on What Someone Says

SHANE RENDALLS | SERVICE IMPROVEMENT

“First of all,” he said, “if you can learn a simple trick, Scout, you’ll get along a lot better with all kinds of folks. You never really understand a person until you consider things from his point of view ”...“until you climb into his skin and walk around in it.”’²

Many of us have been consumers or carers. Whether it’s shopping, queuing for an event, visiting a GP, picking kids up after school, or supporting an ageing parent. How easy it is to see how services could be better, more accessible, more efficient and more affordable.

Some of us have worked as service providers. We have experienced the pressures and time demands consumers do not see. How easy it is to forget what it was like to be a consumer and understand how they experience the services we provide.

Some of us have worked in senior executive positions, or on boards, where information comes from all directions; yet we need to make key decisions and we are accountable for business performance and viability. But how hard it is to get real information on how consumers experience your service.

In today’s consumer-centric and competitive environment, it is more important than ever to listen to consumers. We need to understand how they experience services so that we can continue to do good better.³

To do good better, we must first do no harm.

Feedback from consumers and carers is often the first sign that we may be doing harm.⁴ A concern that something is not quite right, is not fair or a complaint, may indicate more widespread problems. Listening to consumers is a key mechanism in mitigating the risk of abuse and system failure.⁵

*And in the naked light I saw
Ten thousand people, maybe more
People talking without speaking
People hearing without listening
People writing songs that voices never share
And no one dared
Disturb the sound of silence¹*

Consumer-centric choice and control has become a central principle to the provision of human services. We place consumers at the centre of service maps; we talk about patient journeys, partnerships and recovery models of care.

Organisations have mechanisms to hear consumers – complaints and feedback processes, consumer experience surveys, mobile devices in waiting areas or online surveys. But how many organisations actually listen to the feedback that they receive?

Even Telcos will send you a link to an online feedback survey after you have waited 40 minutes to get through to someone, been transferred multiple times, cut-off, and not had your problem solved.

In fact, we are almost being over-surveyed.

The myriad of snapshot surveys resulting in low evidence of improvement, may make many consumers cynical of consumer experience surveys – even asking: ‘What is the point of complaining? Is it worth the effort? What difference does

it make? Organisations need to be proactive in engaging consumers and show how the feedback they provide is used to improve service delivery.

It can be hard for services to hear the voice of consumers:

- **Consumers may be reluctant** to provide feedback, they may be concerned about the impact on the services they receive or about getting staff into trouble. They may find it difficult to articulate their concern. They may not know how to provide feedback.
- **When frontline staff** receive a complaint, they may placate the consumer, or fix it and forget. If they receive a compliment, they say ‘thank you’. Learnings from complaints and compliments may not be passed up within the organisation, or shared. Knowingly or unknowingly, the information provided to management is filtered.
- **Through progressive layers of management**, issues are addressed, resolved and information trimmed. Valuable learnings may not be identified and shared. Issues and complaints may be seen as ‘one off’ and therefore, systemic problems not recognised.
- **Between the Board/CEO and consumer** it is not unusual for there to be five or more layers of reporting and filtering. It is hard for decision-makers to really know what is happening on the frontline.

As board members and executives, we can become too focussed on the internals of our organisations. We



can forget that our frontline staff are the gateway to our organisations. Together with consumers, they are our greatest brand ambassadors. To be a provider of choice, we need to maintain close and effective dialogue with both our consumers and frontline staff.

The following checklist will assist you in assessing whether your organisation has effective and best practice frameworks for consumer feedback:

- ☐ Do you have an accessible and 'plain English' policy for consumer feedback?
- ☐ Is there a clear implementation strategy, with defined processes and accountabilities?
- ☐ Are consumers and staff aware of this policy?
- ☐ Are there mechanisms to monitor implementation and collect outcome data?
- ☐ Do you monitor and benchmark outcomes that are being achieved?
- ☐ Do you ensure that outcomes are being reported to decision-makers?
- ☐ Do you collect evidence of change, resulting from the information received?
- ☐ Do you monitor, collect and report on the impact of these changes?
- ☐ Do you have a clear strategy and timeframe for review and update of existing policy?

Working with consumers, we know they want to be listened to more than anything. They want the information they

provide to be taken notice of and acted upon. Most often this is because they want to see services improve, not just for themselves, but for other people.

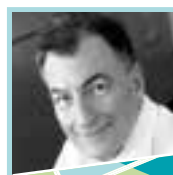
We know that some people find it difficult to articulate their concerns in a way that provides a base for meaningful action – they just know it's not right. Whereas we need to know what happened.

There is effort in providing feedback, particularly completing surveys and written complaints. A narrative approach⁶, where consumers can tell their story, to a real person who wants to listen, will capture much more detail than survey tools – it allows for a conversation.

Consumers generally value and are appreciative of the work of service workers. They want to acknowledge jobs well done and concerns are often preceded by '*I do not want to get them into trouble, but...*' Others may be concerned about the potential impact of making a complaint, will have on their access to services, or working relationship with the organisation.

An independent process removes many of the barriers to listening. Conversations proceed in a spirit of inquiry. Consumer hesitations about upsetting their allocated carer are dissipated, there is no defensiveness in response to their story, just a focus on understanding. Concerns about potential impact on access to services is reduced. Information is collected, analysed and reported objectively, patterns and trends identified. The executive and board hear what consumers think.

Boards and CEOs need to listen. They need to get into the skin of consumers. They need to experience first-hand what it feels like to be seen, but not heard. It is only then that the sounds of silence will become a resounding echo!



Shane Rendalls
Synergy Health and Business Collaborative

Shane is presenting a plenary session at 1:10pm on Friday.

References

1. Paul Simon AG. *The Sounds of Silence* Wednesday Morning, 3 A.M.. New York Columbia Studios 1965.
2. Lee H. *To Kill a Mockingbird* J. B. Lippincott & Co.; 1960.
3. Rendalls S. *The importance of Being Heard: Using Consumer Analytics for Continual Improvement* Better Boards Newsletter 2016; <http://betterboards.net/performance-metrics/importance-heard-consumer-analytics-continual-improvement/>.
4. Alan Spigelman SR. *Clinical Governance in Australia. Clinical Governance and International Journal* 2015;20(2):56-73.
5. Rendalls S. *Mitigating the Risk of Abuse: Listening to Consumers, Carers and Staff.* Better Boards Newsletter 2016; 12 December 2016: <http://betterboards.net/performance-metrics/importance-heard-consumer-analytics-continual-improvement/>.
6. Dulwich-Centre. *What is Narrative Therapy* <http://dulwichcentre.com.au/what-is-narrative-therapy/>.



How Cost Effective is Your Board?

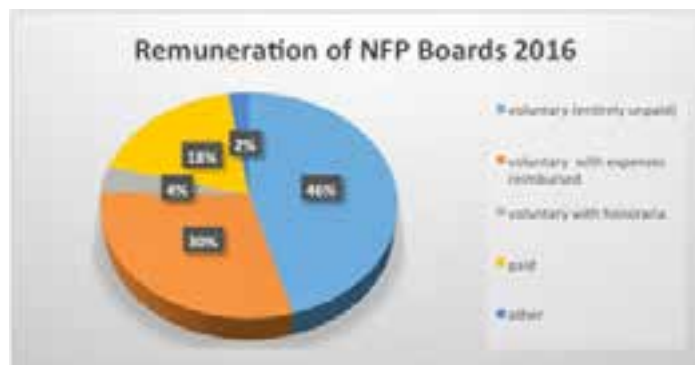
JULIE GARLAND MCLELLAN | ROI ON BOARD SUPPORT

The job of the board is to direct. That involves making decisions about what to do, how to organise, and who to engage with to further the purpose of the organisation. Those decisions, if taken reasonably and well, will require management support.

Increased demands for governance reporting and enhanced diversity will impact not-for-profit company boards in many ways. The three of the most feared are:

- a possible imposition of direct board costs as new independent professional directors demand recompense for the time, effort and risk involved in the role
- the increased cost of servicing a larger board, especially in the crucial first few months of each appointment when directors' demands for information are often at their highest
- the ever growing costs of providing reports requested or expected by external stakeholders that are diligently reviewed by the board yet add little value to their decision-making.

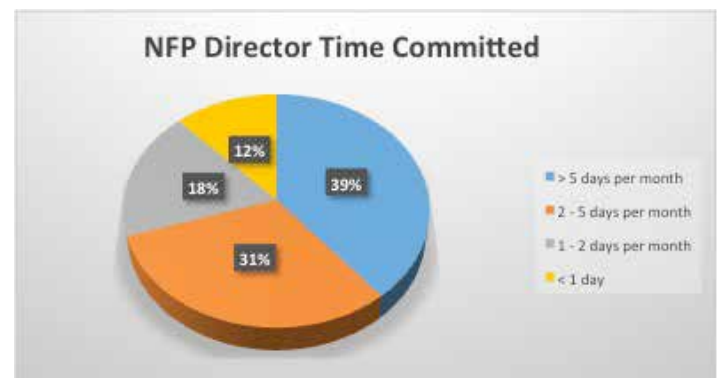
Creeping disclosure requirements



In Australia, as in many other jurisdictions, ASX listed companies are required to disclose, in considerable detail, the remuneration paid to directors, any related party transactions, and the number of board and committee meetings attended by each director within each financial reporting period. This has led to increasingly detailed reporting of directors' fees and the basis upon which they are earned. This requirement has been seen as a good practice and adopted by many not-for-profit organisations. There is a rightful expectation that boards will provide full and correct disclosure of all relevant information. Most boards are keen to live up to their own aspirations of good practice and their stakeholders' expectations.

The Australian Charities and Not-for-Profits Commission collects and makes available standard reports which include HR expenses (including board fees if any are paid) and board expenses, including governance activities such as travel and accommodation for meetings.

An unfortunate side effect of this reporting is ever more vigilant scrutiny of who gets what and why. This is rarely accompanied by an informed awareness of the personal duties and liabilities of directors or of the effort that goes in to making a properly diligent decision. Comments from outraged stakeholders to the effect that 'I wish I got paid \$20,000 for a few meetings' or 'Why did we divert funds from the cause to pay travel expenses for a conference in Brisbane?' are often lobbed at chairmen during the AGM or fired off to directors via email.



A point that these comments usually miss is that what directors do in between meetings, as well as during them, should add value that vastly exceeds the costs. AICD Research, published in 2016, suggests that 39% of NFP directors spend 5 or more days per month on their NFP board duties. Within that cohort some 20% of directors spent more than 8 days per month on board business.

A moot point

The 'elephant in the room' that nobody seems to be talking about, however, is that the cost of supporting and servicing a board can dwarf the fees that are paid to the directors and the direct costs of their attendance at meetings plus the costs of any education that may be given to them during their tenure.

In research undertaken in Australia in 2014 over 77% of participants reported that their management teams spent more than 20% of their time working on board-related tasks:

- minutes,
- agendas,
- reports,
- information requests,
- logistics,
- administration, etc.

The survey respondents were all senior executives reporting to the board or to the CEO. Job titles included CEO, EO, ED, CFO, CIO, CFRO, Head of Human Resources, COO, Operations Director, etc. The time cost of supporting a board exceeds 20% of the salary costs of each of these staff members.



One Managing Director commented 'I would estimate about 30 - 35% of my time would be spent supporting the board by undertaking the tasks that you identified and at least an additional 15 - 20% of my time providing mentoring to board members and senior managers'. 45% of the MD's salary? That is a serious cost impost.

If an average CEO in the sector has four direct reports the likely cost of supporting the board is more than the cost of an additional senior executive team member. The Australian NFP sector is characterised by relatively flat hierarchical structures and CEOs who often have more than four direct reports so the cost of the board can easily exceed this estimate.

For organisations where directors are remunerated the likely cost is estimated at approximately three times the direct fees paid to the directors (or to their employers if fees are paid to an organisation rather than the individual). The AICD NFP Governance and Performance 2016 Report suggests that 37% of directors in the sector are voluntary (entirely unpaid), 24% voluntary but with expenses reimbursed, 3% are listed as voluntary with honoraria and 15% are paid. 2% are classed as 'other'.

Unseen, unmeasured and unreported

In research 52% of study participants said that their companies had little or no awareness of this cost and, as such, did not actively manage it or seek a return on the 'investment'.

The ACNC 2016 Charities Report states 'On average the larger the charity the greater the proportion spent on employee expenses'. For a large company that cost can reach many millions of dollars per year. Even for a small not-for-profit company the cost can easily run into six figures. Nowhere else in the corporate structure would such an expenditure be made with so little scrutiny or expectation of a fair return.

These figures do not include the time of other staff members further down the organisation to whom work may be delegated or the costs of external consultants who may be called in to help advise or inform the board. Most companies disclose a charter that states directors have a right to receive

legal advice on their roles at the companies' expenses; few companies disclose the costs of that advice.

Getting an ROI

41% of executives surveyed said neither they, nor the business, received any ROI on the time they spent working with or for the board. This is hardly surprising when the time itself is unaccounted for and the associated costs are not separately identified in board or management reports.

As one Executive Director commented 'It's honestly not something that has been discussed – but it should probably be on every board's agenda with a process attached to measure ROI as a way to keep the board on their toes'.

Part of the problem lies in the sheer quantity of information that is collected, collated and communicated to the board. All around the world boards have been required to have deep and direct oversight of an increasing number of management functions and activities. Good managers, unsurprisingly, accommodate the board's demands for information. Modern IT systems exacerbate the problem by allowing the board to track expenditure and results and to correlate and compare across regions, functions and

Article continues overleaf...




Greg Porter & Associates

HELPING YOU... DO THE RIGHT THINGS, RIGHT.

Achieving the goals and objectives of an organisation requires coordination across all levels of an organisation. It is often difficult to achieve, particularly in an ever-changing environment of regulation, competition and technology changes while at the same time minimising risk.

Greg Porter and Associates is a small group of experienced C-Level executives with individual resumes across a range of industries, organisational types including not for profit, government and education. Our experience enables us to make quick assessments and suggestions for improvement, providing you with clarity, direction and value.

We work with all levels of an organisation from boards to operational staff and external organisations such as clients, regulators and third parties as appropriate, ensuring -

- **INCREASED COORDINATION**
- **IMPROVED OPERATIONS &**
- **RISK REDUCTION**

.....

**CONTACT US
TO SEE HOW WE
CAN ASSIST YOU!**

greg.porter@gpaa.com.au
M 0412 388 651
PO Box 938 Castle Hill NSW 1765
www.gpaa.com.au

CLARITY • DIRECTION • VALUE

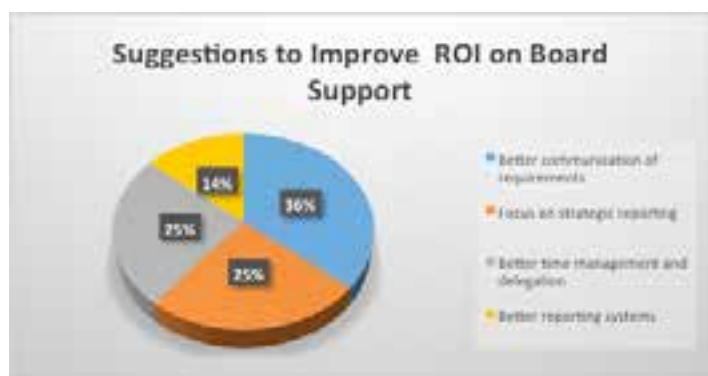


Continued from previous page...

timeframes.

One Managing Director remarked: 'I often do not see a good ROI from this time. Boards need to be very clear about the information they wish to receive and how this is presented. Good board governance is not measured by the number and length of the reports received.'

Governments and stakeholders have added to the problem with increased demands for standardised reports that allow comparison of one NFP against all others on a consistent basis, more frequent reports and detailed compliance data. An experienced non-executive director participating in the research complained 'From a cost perspective, compliance-driven interaction adds no true value.'



Practical Steps

Senior executives agree on the actions that would improve the situation:

- 36% felt that better communication of requirements and standards for board interactions would assist. This would include making board charters more explicit on reporting and support requirements, training boards and staff to understand the role and needs of directors, providing specialist board presentation and report writing training, and educating directors on their roles by a thorough induction, were all cited as likely to make a positive difference.
- 25% claimed that a more strategic focus and less operational and compliance detail in board reports would free up valuable thinking time for the executives and allow more high-quality discussion time during board and committee meetings.
- 25% suggested that improving time management and delegation skills would assist. Few senior executives are given practical skills training at this stage of their careers. If they missed out on these topics during their career progression they will often find themselves nervous about

asking for such 'basic' training now. A candid discussion about small factors might make big differences.

- 14% asserted that improving reporting systems and practices, including better design of annual and meeting agendas, would help.

Nobody is happy

Management frequently state that they feel they are on a hamster-wheel of continued demands for reports and information which are renewed, augmented, and repeated at each board meeting and by each regulator. Directors claim they cannot find the strategic elements amidst all the detail, or that reports are full of jargon, too wordy or lengthy (and we don't need reminding of 'the Centro case' to understand that particular danger).

Whatever the solution there are two clear facts:

- A frequently cited dissatisfaction when conducting board review is the quality of the reports that the board receives from management. Even the best boards feel they could improve.
- Stakeholders are increasingly conscious of the costs of NFP boards on their organisations and want to see those costs justified by a measurable ROI.

Suboptimal decisions

Saddest of all, many chairmen feel that their boards are not making the best decisions that they are capable of, as one remarked 'We put great people together on our boards and have another team of professional, motivated and well-intentioned people providing them with information but the important strategic clarity is missing'.

As governance structures change and new directors enter our boardrooms, now is a good time to review governance practices, reduce the costs, and improve the value of the work our executives do for their boards. Specific training for both

directors and executives that report to them would be a good place to start.

The long term cost of sub-optimal decisions is likely to far outweigh the costs of the time spent by boards and management in reaching them.

Boards need to be very clear about the information they wish to receive and how this is presented. Good board governance is not measured by the number and length of the reports received.



Julie Garland McLellan
Great Governance

Julie is presenting a plenary session at 9:00am on Sunday.



Helping you manage money.

The Guide for Community Financial Officers, a joint initiative with the Chartered Accountants Australia & New Zealand, aims to help you to better understand the finances, helping your organisation achieve its objectives.

Download from davidsoninstitute.edu.au.



200 years proudly supporting Australia



Adaptive Governance...Transformational Leadership

MICHAEL GOLDSWORTHY | GOVERNANCE AND LEADERSHIP

For boards of community businesses (NFPs) the move to a customer-driven, competitive marketplace is a radical departure from their known industry/sector context to which they and their management team were perfectly adapted.

When any industry or sector undergoes a radical paradigm shift, it presents all boards, chief executive officers and executive teams with the dilemma of:

- do we disrupt our organisation, that is seriously transform our organisation, re-engineer our business model and reinvent our culture to ensure we are part of the new paradigm?
- or, should we wait and see if the new industry/sector environment and other leading organisations really do disrupt our organisation?

Prior to answering either of these questions, directors and their boards need to come to grips with:

Individual Directors' Commitment & Contribution

Each individual director's actual commitment and contributions and what specific value and benefit they can provide that will enable the board to not only govern, but provide the transformational leadership skills, experience and knowledge required to develop and drive the strategic transformation of the organisation, the re-engineering of the business model and the reinvention of the culture.

Industry/Sector Strategic Challenges & Opportunities

Their industries or sectors emerging and future strategic challenges and opportunities, and what these mean for their organisation and the services or products, not only for today but, more importantly, for tomorrow.

Organisational Status & Industry Position

The true status and industry position of their organisation, in particular understanding the realities of current governance, organisational and operational legacy issues, be they such items as a traditional or redundant governance structures or processes, the financial situation and trends, organisational or operational systems or cultural characteristics and behaviours.

Board & Management Capacity & Capability

The current and future capacity and capability of both the board to drive, and management team to deliver on, the future strategy or strategic transformation. Either way, the

board must provide additional internal or external human and financial resources over and beyond the existing budget and key staff complement to ensure the strategy and/or strategic transformation can be achieved within agreed timeframes and specifications.

Returning to the two aforementioned key questions, to disrupt or be disrupted, it would appear that organisations, and therefore their leadership teams (boards, chief executive officers and executives), fall into one of three industry/sector categories:

Leading Organisations

Leading organisations typically account for 5% – 10% of organisations and demonstrate the following characteristics:

- visionary, entrepreneurial, creative and innovative boards, chief executive officers and/or executive teams
- a powerful leading edge strategy and/or strategic organisational transformational approach
- the creation of a truly unique and innovative new business model including new customer categories, markets and sub-markets, products and services, market channels and revenue stream – all supported by digital solutions and technologies.

Following Organisations

Following organisations usually account for 70% – 80% of organisations that present the following:

- cautious, sequential strategies and projects
- varying degrees of achievement and change
- patchy organisational development or reinvention
- watching and learning, generally slow to act
- conservative, risk adverse boards and/or chief executive officers.

Resisting Organisations

Resisting organisations typify 5% – 10% of organisations that defend their position by such statements as:

- 'We are quality, we are accredited.'
- 'Our clients love us.'
- 'We've seen it all before, we don't need to do anything now.'
- 'If it's not broken, why change?'
- 'We know our local politician...government loves us.'

Many following or resisting organisations, and therein their boards, are prisoners of their past, the more successful that past the harder it usually is to transform both themselves and the organisation.

Adapt or Die

Many following or resisting organisations, and therein their boards, are prisoners of their past, the more successful that past the harder it usually is to transform both themselves and the organisation. They focus on the status quo, concentrate on the near-term and existing business and are hobbled by significant history and organisational complexity that makes transforming difficult.

In the new customer-driven, competitive marketplace, customers and the market do not care about the past or an organisation's legacy issues or constraints. Developing and executing a definitive strategy and/or strategically transforming the organisation faster than existing organisations or new competitors is vital.

From a practical perspective, Adaptive Governance really comes down to a board's ability to adapt to the new industry/sector environment in which it finds itself, that is, the existing framework, processes and attitudes of governance must change.

If the organisation is to be strategically transformed, the business model re-engineered and the culture reinvented, maintaining the existing governance approach is not possible. The board itself, in its outlook, mentality, behaviours and work practices, must change. That is, it must adapt to the new environment in which it finds itself and its organisation; this can be undertaken by:

Solid Insights, Brave Discussions & Bold Decisions

Gaining solid and realistic insights into the emerging and future status of its organisation and the industry/sector in which it operates, enabling it to undertake brave discussions and make bold decisions.

Govern the Present, Drive the Future

Successfully bringing together the human qualities and processes of creativity, innovation and entrepreneurship to form part of its new governance framework, processes and approaches to not only govern the present but drive the future strategy and/or strategic transformation of the organisation, its business model and people.

Cultural Transformation, a Journey for the People

Developing and driving successful cultural transformation that ensures directors not only adopt and utilise transformational leadership principles and practices, but transform themselves as well as their people, thereby enabling the transformation of their organisations' culture, the attitudes, behaviours and work practices of individuals, teams and the organisation.

Utilise Contemporary Governance Principles & Practices

In light of the aforementioned, many boards have a redundant or traditional governance system that radically needs to be reinvented or replaced.

Obtaining and utilising a contemporary governance system which contains governance principles and thereunder governance policies, procedures, documents and tools, enables a board to adopt contemporary governance principles and practices, e.g. TAGS™, The Australian Governance System.

Conclusion

Adaptive Governance, in summary, is about individual directors and the board transforming themselves, adopting and using transformational leadership principles and practices in order that they can successfully drive the strategic transformation of their organisation, the re-engineering of their business model and reinvention of their culture.



Michael Goldsworthy
Australian Strategic Services
Michael is the conference chair.

TAGS™

The Australian Governance System

TAGS™ is Australia's most comprehensive and fully integrated governance system, assisting boards to govern and chief executive officers to manage their organisations.

- ◆ Governance Principles
- ◆ Governance Policies & Procedures
- ◆ Key Performance Indicators
- ◆ Over 100 Tools & Templates, eg:
 - * Committee Terms of Reference
 - * Board Annual Program of Work
 - * Conflicts of Interest Register
 - * Board Delegations Schedule
 - * Board Decisions Register.

Visit Trade Stand **J** to organise your complimentary desktop Governance Review.[#]

t. 03 5429 6331
e. office@asspl.com.au
w. www.asspl.com.au

[#] Terms & conditions available at Trade Stand **J**





Governance & Digital Transformation: 5 Key Questions for NFP Boards

KAREN BEVAN | DIGITAL TRANSFORMATION

Not-for-profit (NFP) organisations, like government and private sector organisations, vary widely in progress on digital transformation. Ready or not, NFP boards are increasingly being asked to invest in digital transformation projects and to respond to the changing environment of online services, user directed interfaces and integrated systems.

The definition of digital transformation below sums up the broad strategic, operational and social factors that are encompassed by the term:

Digital transformation is the profound and accelerating transformation of business activities, processes, competencies and models to fully leverage the changes and opportunities of digital technologies and their impact across society in a strategic and prioritised way, with present and future shifts in mind.¹

Given the broad scope of these projects, it's probably unsurprising that a very high number of digital transformation projects across all sectors fail to achieve projected outcomes². Some projects never deliver an outcome at all.

Sometimes projects deliver on phase 1 (e.g. a new database or website), but falter in implementation, integration or embedding change.

To focus thinking about digital transformation at board level, some simple questions below help drive a strategic approach to setting up for digital success.

1. Are we ready?

Not being ready for major change is not the same as rejecting digital transformation. But, if the organisation is not digital transformation ready, the focus needs to be on creating the conditions for success before major investments are made.

Some readiness indicators:

- Link to strategy – the compelling why for digital is not 'because everyone else is doing it', 'apps are cool' or 'we need some real estate on mobile phone screens'. Digital transformation must deliver tangibly on mission.
- Genuine focus on value to the people you serve and other stakeholders.
- Planning and development work clearly outlines scoping, development, build and implementation phases. No plan = likely fail.
- There's a risk appetite for change and a willingness to genuinely work through solutions to complex risk issues

- There is a clear picture of what project success looks like and measurable outcomes at all points of the project.

2. Are we ready to invest – upfront and into the future?

The development of digital capability is unlikely to be fully funded under service delivery contracts with government. Fantastic exceptions aside, it's not likely to be funded by philanthropists who are looking to leverage their investment into direct outcomes for people. Projects that create true transformation of business process, systems and user interface are likely to require additional investment from other sources.

It's worth considering that digital transformation may create a permanent change to cost structures. While progress should not be hostage to over-conservative boardroom panic and

risk aversion, a discussion on how any ongoing costs are going to be funded, for example within unit costs, absorbed into the business or paid for by savings, needs to be on the radar early.

Boards are often excited about investing in one off projects that become 'revenue neutral'. That's a challenge because the concrete build phase is just the beginning. A plan for implementation, change management and ongoing

maintenance is required for any project to have a chance of success.

Key questions:

- Can we invest in key components of the project: scoping, development, build and implementation? If not, what other sources of funds are available?
- Do we understand the scale of costs and contingency funds needed to realistically implement?
- Who can we partner with to support the project?
- Can we leverage assets – cash, investments etc to support the work?
- Does the scope of the plan match organisational scale (or strategic growth plan) and means?
- What are our financial measures of success?
- How will the board maintain visibility of costs where projects proceed?

3. What is our digital and change capability?

Key indicators of internal capability to discuss:

- The CEO/senior leadership is committed and can articulate the importance of the project.

- End users are considered and engaged in design at all levels. The best digital transformation links with end users and the other applications they use. End users may be the people who use services but also include staff, management and external stakeholders.

Project failure is avoided in planning, paying attention to implementation and starting with an understanding of the importance of embedding change.

- There's a plan to embed change. For example, external expertise is linked with internal champions for design and implementation. Longer term, digital strategy is linked to core operations.
- There is clear consideration of impact of data migration, data security, cyber risk and privacy in project planning.
- Someone, somewhere is responsible for content. If interactive websites and social media platforms are core to the program, consideration of where content creation, monitoring and management is critical.

4. How do we avoid project failure?

Project failure is avoided in planning, paying attention to implementation and starting with an understanding of the importance of embedding change. Regular review of project metrics and providing management with sufficient flexibility to respond to feedback in the project are key board roles.

Some basic questions boards can use to help prevent and avoid project failure:

- Is the proposed work linked clearly to our mission/vision?
- Do we have a clear and detailed plan that can be delivered, revised and monitored?
- Do we have the right personnel and resources?
- Do we evaluate consultants and contractors effectively – is there anyone internally who truly understands the project scope and work required?
- Have we done the due diligence on consultants/contractors – e.g. have they successfully delivered a similar project at or close to budget?
- How will we resource ongoing embedding of new systems?
- Are we keeping the project honest with board oversight, reporting metrics and budgets with enough contingency to be realistic.
- If a component of the project 'fails' can we learn and get back on track?

5. When does 'digital' move from 'special projects' to core business?

Dr Donald Lim, former head of digital for ABS-CBS in the digital savvy Philippines told a conference of Association Executives in 2016 that you know that digital transformation is embedded when:

- no one has 'digital' in their title
- there is no separate digital strategy
- when there is integration across the business– online and offline work is seamlessly linked.

#goodluck



Karen Bevan
Girl Guides Australia
Karen is presenting a workshop at 1:30pm on Saturday.

¹ <https://www.i-scoop.eu/digital-transformation/> Last visited 25 May 2017

² <http://www.consultancy.uk/news/2656/two-thirds-of-digital-transformation-projects-fail> Last visited 25 May 2017



WORKFORCE SOLUTIONS | TALENT MANAGEMENT | SELF SERVICE

Innovative HR Solutions for Australian Business

ConnX is a modular HR system designed to improve the working lives of HR and Payroll professionals. It's a cost-effective solution that will save you time and keep your organisation compliant. Over 500 companies use ConnX and around 15% are Not for Profit.



Call
1300 CONNX HR
(1300 266 694)

or Visit
www.connx.com.au
sales@connx.com.au

Take Action

YOUR IDEAS AND ACTIONS



A large rectangular area with a light blue border, containing numerous horizontal dotted lines for writing.

Take Action

YOUR IDEAS AND ACTIONS



A large rectangular area with a light blue border, containing numerous horizontal dotted lines for writing.

We provide high-end and trusted board evaluations, benchmarking and independent advice on your governance structures, practices and capabilities.

Find out more t: 02 8248 6600
w: companydirectors.com.au/advisory
e: advisoryservices@aicd.com.au

AUSTRALIAN INSTITUTE
of **COMPANY DIRECTORS**

CHATTING WITH CHANGEMAKERS

SproutCast – Social Enterprise Podcast.

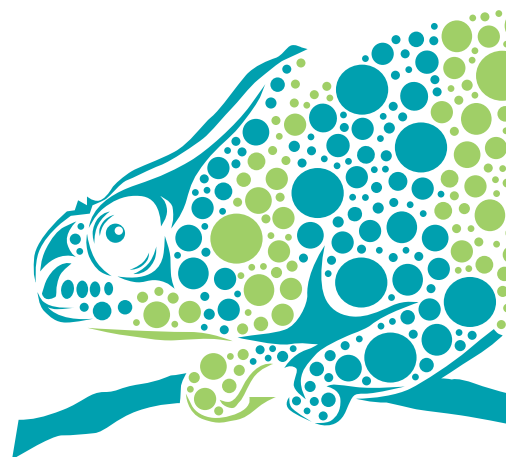
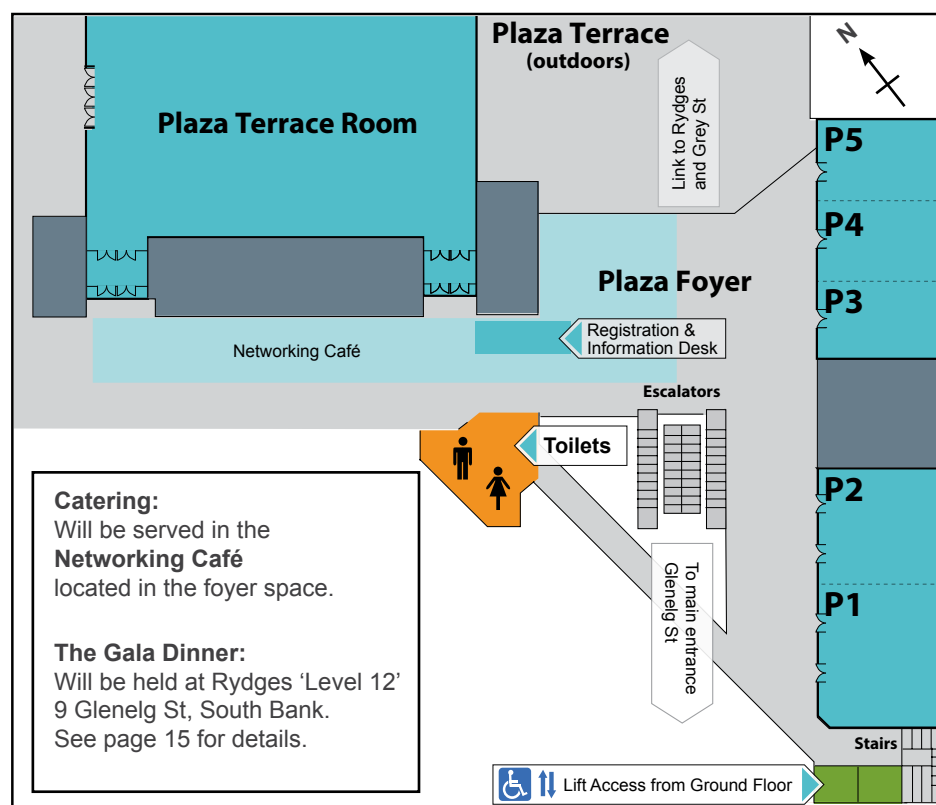
Check out the **SproutCast** podcast for interviews with changemakers, social entrepreneurs, and for-purpose leaders about how to create positive impact in society and shape a better world.

Online at <http://sprouthq.net/podcast/>



Venue Map

PLAZA LEVEL: BRISBANE CONVENTION & EXHIBITION CENTRE



Free

Governance Articles

Delivered to your inbox each month

Sign up at: www.betterboards.net/newsletter

better
boards

2018 Conference Information

If you have a paper you would like to present at the 2018 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 application to speak 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.

This publication was produced by Better Boards Australasia. No part of this publication may be reproduced or copied for commercial purposes without written permission from Better Boards Australasia and the author of any article in question.



Distributed at the 11th Australasian
Better Boards Conference.
Brisbane Convention and Exhibition Centre
28-30 July 2017

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

www.betterboards.net