

**better
boards**[®]
conference 2019

1-4 AUGUST
BRISBANE CONVENTION & EXHIBITION CENTRE



GOVERNANCE (R)EVOLUTION
STRATEGIES FOR SUCCESS

Conference Magazine

Better Boards Conference 2019

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

Conference Supporter:



Gala Dinner Partner:



Trade Partners:



Endorsing Organisations:



Academic Partner:



Message from the Conference Chairman



A very warm welcome to all those attending the Better Boards Conference 2019, whether coming to CEOs Summit, the Leadership Networking Event, the Innovation Tour, Masterclasses, the main Conference or the Gala Dinner. In particular, a very special welcome to those international delegates who have travelled from around the world, as well as those who have travelled from distant communities throughout Australia.

As always, this year's Better Boards Conference will bring together and deliver practical ideas and innovations, strategic information, and a range of tools and processes to assist directors and CEOs in planning, implementing and monitoring their strategies for success.

This year's theme of *Governance (R)evolution: Strategies For Success* reflects the continuing journey of strategic adaptation to the continuous reforms and policies of Commonwealth and State Governments, increasing customer expectations and marketplace dynamics that are driving the transformation of NFPs in all industries and sectors. Not to forget, the need to address the recommendations of the various Royal Commissions.

In response, leaders have two strategic options: adopt a revolutionary or evolutionary approach to the strategic adaptation of the governance and leadership of their organisation. Either way, strategies for success are critical, given that all organisations:

- are either a leading organisation, a following organisation or a resisting organisation,
- need to enhance their position in the customer-driven, competitive marketplace, or
- must aim to meet or exceed customer requirements and expectations, thereby delivering on their vision and mission.

Consequently, strategies for organisational and business success and sustainability are vital, whether they're founded on known or innovative concepts, ideas, opportunities or initiatives.

Behind the outstanding success of each year's Better Boards Conference are our highly valued speakers, partners, sponsors and trade exhibitors, as well as the Better Boards team who deliver such a magnificent event. This year will be no different, so a big thank you to all those involved.

I look forward to welcoming and meeting new and past delegates and trust you all enjoy yourselves, gain new or enhanced learnings and understandings and make new contacts and strengthen your networks.

Yours sincerely,

Michael Goldsworthy
Chairman
Better Boards

Quick Reference Contents

Digital Q&A and Feedback Information	5.
Board Member Innovation Tour Information	6.
Industry/Sector Networking	7.
CEOs Summit Program	8.
Better Boards Conference Program	12.
Articles.....	20.

Message from the Lord Mayor



Welcome to Brisbane, Australia's New World City.

Brisbane is proud to be your host for the Better Boards Conference 2019. I trust you will see why our warm and welcoming city is the perfect place to attend a business event.

Here you will find a safe, walkable and connected city with globally acclaimed facilities. Your venue, the award-winning Brisbane Convention & Exhibition Centre, will cater to your every need while you get the most out of the conference program.

Situated in the heart of Brisbane's South Bank precinct, the Centre is just steps away from cultural offerings, including the Queensland Art Gallery and Gallery of Modern Art, Queensland Museum, Queensland Performing Arts Centre, world-class hotels and a selection of restaurants, cafes and bars.

A leading lifestyle city, there is plenty more to see and do in Brisbane. You may wish to explore our vibrant shopping precincts, unwind in clean and green parklands or sample fresh produce at our many riverside dining spots.

If time allows for more adventure, you can discover pristine tropical sand islands, World Heritage wilderness and rustic country escapes just beyond our city's doorstep.

On behalf of the City of Brisbane, I wish you a productive and memorable Better Boards Conference.

Lord Mayor of Brisbane

Adrian Schrinner



Session Information and Presentation Feedback

Plenary Q&A

Session information, session feedback and plenary Q&A are all available on Pigeonhole.

Paper feedback forms are also available in each room and at the conference information desk.

HOW DO I ACCESS PIGEONHOLE?

Go to:

Enter the passcode:

From here, you can see the agenda and enter each session to view and ask questions.

HOW DO I ASK A QUESTION?

Plenary sessions: Tap 'Enter this Q&A' to ask a question or vote for other questions that you are interested in.

Polls

Polls will be listed next to the corresponding session in Pigeonhole. Check the poll title, then click on 'Cast your vote' to enter the poll.

If you are in the session Q&A already, click the 'back' arrow then look for the poll title and click on 'Cast your vote'.

Digital Session Feedback

For plenary sessions, tap 'Enter this Q&A', then tap on the box labelled 'Feedback'.

For concurrent sessions and any sessions where digital Q&A is not available, tap 'Enter', then tap on the box labelled 'Feedback'.

Overall Feedback draws

Completed overall event feedback forms will go in the draw to win a donation (from Better Boards) to the not-for-profit organisation of your choice. There will be two draws with donations as follows:

CEOs Summit: \$250

Better Boards Conference: \$500

Winners will be drawn during the week following the conference and contacted via phone and email. Details will appear on www.betterboards.net.

Feedback helps us to gauge the quality of the presentations and ultimately the success of the event. It also helps to guide our decision-making for future conferences.

Slide Decks for Download

Where possible, speakers' slides will be available to download at www.betterboards.net under the 'Events' menu item.

Information for Plenary Q&A Sessions

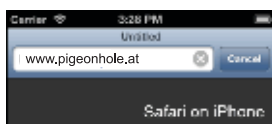


Use your smartphone or web device to ask questions during Q&A times in the plenary sessions. The aim is to allow more people to participate and influence the session by voting up questions of interest.

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:

Venue WiFi:

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.

Board Member Innovation Tour

FRIDAY 2 AUGUST

better
boards[®]
conference

Quick overview:



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

TOUR OVERVIEW

Enjoy a day of inspiration with your 'board member' hat on, visiting leading examples of innovation in Brisbane. This is a unique opportunity to hear about ideas, strategies and experiences with a range of other directors from not-for-profit organisations.

The tour will take you behind the scenes of three progressive initiatives undertaken by local not-for-profit organisations and includes lunch at Hillstone St Lucia, where you are free to network with tour attendees.

The tour will depart from and return to the Brisbane Convention & Exhibition Centre in time for the evening networking function.



Webinars for Directors



Stay a step ahead in the boardroom

Attend live monthly webinars presented by experts on topics relevant to directors and executives of not-for-profit organisations. Keep your governance knowledge current and up-to-date. Master the art of the boardroom.

- ✓ Webinar attendees can access the full recording post event.
- ✓ Past webinar recordings are available for purchase.
- ✓ All webinars can be attended for free when you are a **BoardWise** member.

www.betterboards.net/webinars

better
boards

boardwise[®]
RESOURCING EXCEPTIONAL LEADERS

Leadership Networking Drinks

FRIDAY 2 AUGUST 5:15PM – 6:30PM

Networking Café, Plaza Auditorium Foyer

Complimentary for delegates attending any of the ticketed events on Friday (RSVP is required), the Leadership Networking Drinks provide a great opportunity to continue conversations and follow up introductions made throughout the day. If you are not attending one of the Better Boards events on Friday, you can still purchase a ticket to attend the Leadership Networking Drinks - see the conference information desk for details.

Industry/Sector Networking

2–4 AUGUST

Choose the category that best describes your industry or sector and stick the corresponding dot on the bottom left of your ticket.

This initiative is provided to facilitate industry networking between delegates. There is no obligation to add any dot to your ticket.

If more than one category applies to you, feel free to include all relevant dots on your ticket.

Pens are also provided if you feel your industry/sector is not represented by the broad categories listed below.

You are welcome use the pen to specify your industry or sector in more detail if you feel that would be beneficial.

The dot dispensing station is located in the foyer.



-  AGED CARE
-  ARTS & CULTURE
-  COMMUNITY SERVICES
-  DISABILITY
-  EDUCATION & TRAINING
-  FOUNDATIONS/CHARITIES/TRUSTS
-  GOVERNMENT & COUNCILS
-  HEALTH
-  INDIGENOUS SERVICES
-  LABOUR HIRE & EMPLOYMENT
-  PEAK BODY/INDUSTRY ASSOCIATION
-  SPORTS & RECREATION

CEOs Summit

FRIDAY 2 AUGUST | ROOM P6 & P7

Quick overview:



WELCOME, MEET AND GREET

The CEOs Summit has a fresh focus for 2019, with a mission to help chief executive officers with strategies to maintain successful working relationships with their board. Presentations aim to support successful leadership outcomes with a large part of the program geared towards making connections, sharing knowledge and formulating practical solutions.

We encourage you to make use of the networking tool described on page 7 to meet other leaders from your own or another specific industry or sector within the not-for-profit world. We hope that the topics listed in the Roundtable Discussions, and those presented by the speakers during the afternoon, will provide many starting points from which fruitful discussions may begin, and support networks and stronger leadership capabilities may form.



CEOs Roundtable Discussions

CHOOSE THREE TABLES

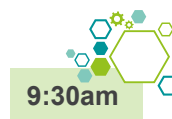
The CEOs Summit Roundtable session aims to create an open environment in which to meet other leaders from throughout the not-for-profit sector and provide a mechanism to discuss ideas, issues and solutions with reference to the conference theme.

To encourage openness of discussion and to facilitate the sharing of information for the purpose of learning and forming solutions, the CEOs Roundtable Discussions will be held under the Chatham House Rule:

"When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed."

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

Table topics will be displayed at each table and on screen during the session.



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

WORKSHOP 1

The CEO's Role in Strategic Transformation

11:30am



Dagmar Parsons – Non Executive Director

Extensive research has been conducted and countless books have been written on the topic. The theories are sound. The reasons for why the organisation has to change are evident. The vision of the future state is clear. The organisation has embarked on the transformation journey. Momentum has been created. Change is all about. Yet it's not always going in the right direction and resistance to change may come from the most unexpected areas. Suddenly, the momentum gained comes to a grinding hold. Good work is undone, and the opportunity seems lost. In this practical talk, Dagmar explores the dynamics of strategic transformation. She shares her experience in creating environments for lasting change, how to look out for the signs that indicate the difference between success and failure, and how we CEO's as figureheads of change can navigate the - perhaps surprisingly - personal transformation within ourselves.

In a career spanning 20+ years, Dagmar has gained considerable experience in transforming and growing complex businesses across diverse corporate, operational and entrepreneurial roles in Australia, Asia and Europe. She has worked with major national and multinational entities to drive critical market success by providing strategic direction, visionary leadership and innovative thinking.

WORKSHOP 2

Creating Deeper Corporate Partnerships to Maximise Your Social Impact

12:10pm



Phil Preston – Founder, The Collaborative Advantage

Maximising your social impact involves creating deeper partnerships with corporate partners, but it also requires embracing shared value principles, developing a consistent understanding of them and knowing how they can be used. Gain greater clarity around shared value and how it can be applied in practice, so that deeper partnership discussions and ideas can be developed with your corporate partners, both at the executive and board levels. Phil will provide the knowledge and tools that you need in order to identify and develop shared value opportunities with corporate partners, so you can create greater impact at scale for longer.

Phil Preston is a leading collaboration and shared value expert who brings profit and purpose together to create sustained impact at scale. Soon after leaving his investment management research role – where he was responsible for \$40 billion of global investments – Phil was invited by Harvard Business School's Professor Michael Porter and strategic philanthropist Mark Kramer to Boston in 2013 to help form the inaugural shared value practitioner network and has since worked with blue chip organisations across all sectors.

//////////////////// Networking Lunch //////////////////////////////////////

WORKSHOP 3

Working With Your Board: Strategies for Success

1:30pm



Chris Scott – Director, Leading in Health

Your board is the most important relationship in any business, and the strength of that relationship ensures business success and reputational security. The 'nexus' between day-to-day management (the operations of the business) and the board directors (the governance of the business) is the potential friction point where business momentum and profitability can be lost, organisational culture deteriorates, and poor decision-making can occur. Discover how to manage the boundaries while maintaining positive leadership, autonomy and good governance.

Chris will outline five identifiable types of board/CEO relationships, highlight the warning signs of a deteriorating relationship and discuss how to repair or preserve it.

Chris has a foundation of strong professional qualifications in business management, organisational performance, governance and executive coaching, complimented with his accomplishments as an experienced board chair and director along with more than 22 years' experience as a CEO.

WORKSHOP 4

Navigating the Governance Journey: CEO's Perspective in Developing a Board

2:10pm



Lynne Moran – Chief Executive Officer, Adventure Patch

Building an effective board requires the board to undertake a journey to identify the role of the board and the role each director plays. At times during this journey, the CEO will be leading the board to shed light on what they need to know more about. At other times, the CEO will be led by the board. Finding the right balance between the needs of the organisation, the needs of the CEO, and the needs of the board as they lead the organisation, can be challenging, particularly in a period of significant growth. It's about understanding the different stages of board maturity and actions the CEO can take to assist the board.

Lynne will discuss a CEO's perspective of a five-year journey of growth that the board and organisation undertook at Adventure Patch (formerly Blackmans Bay Children's Services) and the challenges that were navigated by the CEO and Board through taking a collaborative approach.

Lynne's strategic and management skills are particularly evident in her commitment to the not-for-profit sector. For over 20 years, Lynne has been involved in assisting boards mature their governance both as a CEO and Board Chair with several organisations. Lynne is always willing to listen to differing views and is committed to continually learning during a governance journey.

PANEL DISCUSSION

Top Tips for Effective CEO/Board Relationships

2:50pm



Valerie Lyons – Non Executive Director

Valerie will outline her top tips for effective CEO/board relationships before forming a panel with Chris Scott and Lynne Moran to discuss specific CEO/board relationship challenges as posed by the audience.

Valerie is a company director and C-suite executive professional with significant experience spanning 30+ years in strategic leadership roles within highly regarded health and finance service organisations.

Board chairperson and directorship leadership experience includes key current and recent past roles in health, finance, superannuation, social policy and lobbying within HESTA Superannuation Industry Fund, Ingenia Communities Group, Independence Australia Group, Leading Aged Services Australia, and Catholic Health Australia.

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

CLOSING PRESENTATION

The Mind of the Change Maker: How to Get Better Performance from Your Leaders

3:50pm



George Liacos – Managing Director, Spark Strategy

Why is it some leaders "get good stuff done" while others talk about getting it done? What is it about those inspiring social sector leaders that see them deliver performance, outcomes and impact time and time again? What makes them tick and how can you get a part of it? George has interviewed leaders from the sector, commerce and the political world, both in Australia and overseas as part of his research into his upcoming book and has started to see patterns – patterns worth sharing. If you are a CEO looking to lead your executives to better performance, then these insights might just help you turn the dial for good.

George spent the last six years building Spark Strategy, a social advisory firm that has become the leader in strategic planning and sustainable business models for the NFP sector. Prior roles saw George as the National Lead Partner for Transformation at Grant Thornton, Program Director for the Department of Premier and Cabinet as well as Chairman and Non-Executive Director on a number of technology and service businesses.

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 and experience today: www.boardwise.net

Better Boards Conference

SATURDAY 3 AUGUST

better
boards[®]
conference

Quick overview:



YOUR MASTER OF CEREMONIES



Yvonne Adele is an accomplished small business operator and entrepreneur, and one of Australia's leading MC/Speakers, whom you may remember as the fiery redhead on the Today Show as their IT Reporter 'Ms Megabyte', or in the national media.

Yvonne will keep us on topic, on task and on time as our MC and will ensure we keep our energy up and give us some great techniques to ensure action after the conference!

Opening Keynote Presentation

PLAZA AUDITORIUM



The Implications of the Royal Commission and Regulator Activity on NFP Governance

The not-for-profit landscape is in constant motion. Change and response to change can come from multiple directions, sometimes as a gentle evolution, other times as a radical and disruptive revolution. In all cases, a thorough assessment of the path forward is critical, as is ensuring the strength and integrity of the board members and leadership team who will guide your organisation's strategic development and growth.

As the outcomes of the Royal Commissions unfold, what are the implications on not-for-profit governance? Will the recommendations bring about a gentle evolution or is it time for a more radical revolution? What are some strategies for success that leaders of not-for-profit organisations can apply in this climate?

Victor Hamit, Beth McConnell and Sabine Phillips will discuss outcomes from the Royal Commission and regulator activity on not-for-profit governance, outlining duties, liabilities, as well as learnings and improvements your board can make to its reporting structure and governance practice. Can not-for-profits sustain the governance scrutiny they will be under in the current climate?

Sabine, Beth and Victor will then form a panel to continue the discussion on key points, answer audience questions and delve into key concerns. Log in to Pigeonhole at any stage during this presentation to raise your questions.



Victor Hamit – Director/Lawyer, Wentworth Lawyers

Victor Hamit B.Ec(Acc) LLB FAICD CTA is recognised as one of Australia's most experienced tax advisers to the not-for-profit community clubs movement, having advised clubs from local community clubs to major professional league clubs. He also advises major peak bodies on taxation issues and submissions to government, Treasury and the Australian Taxation Office.



Beth McConnell – Corporate Governance Consultant, Beth McConnell Consulting

Beth has over 25 years' experience as a solicitor and a consultant specialising in corporate, trust and superannuation law and corporate governance. She currently sits on the Superannuation Complaints Tribunal, the boards of CatholicCare and Xavier College and as an Independent Consultant to the Audit, Risk and Compliance Committee of UniSuper. Beth is also a Panel Member on the Australian Financial Complaints Authority. She has a particular interest in the governance of not-for-profit organisations, schools and financial services organisations.



Sabine Phillips – Partner, Gadens Lawyers

Sabine represents health, aged and disability care clients in areas such as risk management, inquiries and investigations, dispute resolution, coronial inquests and policy review and development. She also undertakes corporate and clinical governance reviews and facilitation of board planning. She is a board member of Uniting AgeWell, a FAICD, a Fellow of the College of Nursing, and an Associate Fellow of the College of Health Service Executives. Sabine was nominated by peers as "Best Lawyer" in the 2017 Awards in the category of Retirement Villages and Senior Living Law.

Concurrent Workshops #1

SELECT ONE



10:45am

Plaza Auditorium

Boardroom Blunders – how dynamics can bring your board unstuck and how you can deal with it



James Beck – Managing Director, Effective Governance

It is now widely recognised that board dynamics are a central driver in producing strong organisational outcomes. This involves not only the relationships among board members, but also between the board and senior management. James will use real world examples of bad board dynamics to discuss ways in which boards and directors can deal with dysfunction. Attendees will be able to recognise poor board dynamics and be better equipped to deal with dysfunction on their own boards whether among directors or between the board and CEO.

James Beck BSc (Hons) RMC Duntroon GAICD, FILP, FBA Accredited Adviser, James leads the team of governance professionals at Effective Governance. He has substantial experience in delivering governance, strategic and risk solutions to address requirements of listed, private, not-for-profit, government and family business clients. James is the author of numerous governance papers, and co-author of *Directors at Work: A Practical Guide for Boards* (Thomson Reuters, 2012) and *Reviewing Your Board: A Guide to Board and Director Evaluations* (Australian Institute of Company Directors, 2018).

Room P7 & P8

The Evolved Leadership Team: 6 Essential Trust Building Blocks to Enhance Organisational Agility



Marie-Claire Ross – CEO & Founder, Trustologie

The findings from the Banking Royal Commission reveal that boards and leadership teams need to review and reset their company cultures. Politicians, regulators, business leaders, the media and investors have all debated whether corporate governance models must change. Meanwhile, community expectations have shifted, and there has been a fundamental transition in how employees view leaders. To meet these tricky business challenges requires boards and leadership teams to fix trust issues where they start. This session will disrupt thinking and help leaders better understand trust and how to manage it within their leadership team across the organisation.

Marie-Claire Ross is a workplace sociologist, consultant, and author focused on helping organisations create an environment where people can rely on each other more to work on the right things. She helps leaders understand the steps required to unite people to do their best work. Her approach is based on working with leaders and seven years of research including over 200 interviews with CEOs and executives. Marie is a graduate of the Australian Institute of Company Directors and sits on the SME AICD committee. She is also a Fellow of The CEO Institute.

Room P9 & P10

How to Strategically Navigate Australia's Archaic Fundraising Laws and Regulations



Tania Burstin – Founder and Managing Director, mycause.com.au

In November 2018, Tania appeared before the Senate Committee on Charity Fundraising in the 21st Century. The submission focused on the duplication of regulation, including the difficulty for charities to register and comply in every state. Tania will discuss the #FixFundraising movement. Fundraisers are agile and multi-channel, in light of this in the digital age, how can charities navigate new compliance concerns? Tania will discuss issues, problems and pitfalls and how to avoid them, as well as provide an update regarding the Senate inquiry. Feel less overwhelmed by Australian fundraising rules and regulations, and leave the presentation armed with a plan of action for success and mindful of the new digital world order.

Tania Burstin is passionate about technology, in particular, its application for the not-for-profit sector. She has continued to develop new fundraising products and technology for the sector and advance best practice in online fundraising and donating. She is a recognised leader in FinTech and continues to manage and guide Australia's largest crowdfunding platform for causes. Tania is an advocate for Justice Connect's #FixFundraising campaign, a three-time Telstra Business Award finalist and a Top 50 Women FinTech leader.

Concurrent Workshops #2

SELECT ONE



Plaza Auditorium

Using the ACNC Governance Standards to Assess Board Performance



Julie Garland McLellan – CEO, The Director's Dilemma

Join Julie for a practical and interactive review of the ACNC Governance Standards and how these can be developed into tools for undertaking your board performance review. Leave with the confidence that you can develop and implement your own board performance review and develop your own performance improvement strategies, as well as gain a working familiarity with the governance standards.

As an experienced board director with current directorships, Julie champions the cause of directors required to shoulder enormous responsibility on a shoestring budget. Julie uses her real-life experience and deep knowledge of corporate governance to show boards with limited resources how to be more effective through practical governance innovation and know-how. She is the author of the Directors' Dilemma Newsletter and five practical books that show how directors can respond to real-life situations with effective leadership. Her ultimate objective is to empower directors to add value.

Room P7 & P8

Strategies for Contending with Business Disruption in NFP Service Provision



Greg Smith – The Junction Works Ltd

Using grounded experience, Greg discusses the impact of the National Disability Insurance Scheme (NDIS) as a business disrupter on NFP service providers and considers the impact on governance and importantly the development of strategy to deliver mission and profit in the evolving commercialised environment. It stresses the need for seismic change management to occur simultaneously across the various elements of the NFP. Finally, it offers instruction for the way forward, including the transformation boards require to meet the challenges, the strategies required to build the commercial capacity and business acumen at the operation level, and the skills, engagement and capacity required to lead, govern and remain resilient in a disrupted world.

Greg Smith is the Chair of the Board of The Junction Works Ltd, and Chair of its subsidiary, Share Care Disability Services Ltd. The Junction Works is a not-for-profit provider of disability, youth, community and children's services within South West Sydney. Greg is a CPA with extensive executive management, leadership and project delivery experience and knowledge of local government, electricity and the not-for-profit sectors. Greg is a Senior Consultant with Morrison Low, and has held senior positions with Parramatta City Council and Evolve Housing. Greg has a Master of Business and is a Graduate of the AICD.

Room P9 & P10

Creating Greater Strategic Awareness Around the Board Table



Steven Bowman – Managing Director, Conscious Governance

Strategic awareness rarely features in modern textbooks on management, yet is something that can fundamentally change conversations and decision-making at the board level. In essence, strategic awareness is the fusion of strategic thinking and personal awareness. Strategic opportunities exist all around us, often through the information people carry with them. With strategic awareness, leaders operate beyond the rules of competition, allowing previously unseen opportunities to be recognised in a timely manner.

Steven is a seasoned board adviser, with a great depth of experience and skill facilitating board reviews and strategic planning process. He has held numerous senior executive, CEO and board positions with some of the USA and Australia's most prestigious organisations, as well as authoring and co-authoring over 14 books on governance, strategy, risk and executive leadership.

Concurrent Workshops #3

SELECT ONE



1:45pm

Plaza Auditorium

Best Practice Whistleblowing at Your Not-For-Profit



Nathan Luker – Chief Executive Officer, Your Call

Executives and Board Members need to cultivate a speak-up culture over the long-term to demonstrate a zero-tolerance to misconduct. A basic policy and a hotline number (internal or external) is not sufficient in mitigating your commercial or reputational risk. Nathan will help you understand and define whistleblowing with case studies as well as the significance, legal importance and consequences regarding whistleblowing, including an overview of new (pending) legislation. He will pinpoint key elements of and determine critical roles necessary in a best-practice whistleblowing program, and outline the roles and responsibilities of the ELT or Board. Attendees will receive access to the Whistleblowing Program Whitepaper and Health Check Checklist.

Nathan has advised hundreds of leaders to establish modern external whistleblowing programs at their organisations and helped to author thought leadership content such as toolkits, white papers and articles. Nathan's credentials include a Bachelor of Business, an Executive MBA, and GAICD. He is also an External Advisory Committee Member at Swinburne University of Technology for the last five years.

Room P7 & P8

Sustainable Governance in Remote Australia: What can we learn from our urban colleagues?



Sally Clifford – General Manager, Consulting, Matrix Consulting and Training

The Northern Territory is home to a large number of indigenous and non-indigenous organisations who face a range of challenges, including geographical isolation, low population numbers and in some areas, inadequate locally available skill sets to lead sustainable organisations. Using an activity-based approach, Sally will look at practical responses being used to address these issues and set a challenge to urban board members to use their skills and experience to manage some of the scenarios faced by their remote board colleagues.

Sally has a Master of Arts (Healthcare), Postgraduate Certificate in Business (Non-Profit and Philanthropy), Bachelor of Arts (Honors). She is an Associate of the Australian HR Institute. Sally has worked as the CEO and been on boards of non-profit organisations for over 20 years. She worked for 7 years for an Aboriginal Corporation in the Kimberley region of Western Australia and prior to that, 15 years in the community cultural development and youth arts sectors in Brisbane.

Room P9 & P10

The SVA Fundamentals for Impact: Organisational Effectiveness for Social Sector Organisations



Malcolm Garrow – Executive Director, Social Ventures Australia

With disadvantage in Australia continuing to challenge our best efforts, how can we 'do good' better? To help answer this question, Social Ventures Australia developed the SVA Fundamentals for Impact, a framework to help social sector leaders improve organisational effectiveness and maximise their impact. Malcolm will take you through the 15 core elements and give you the chance to rate the current state of your organisation using these elements. After this workshop, you will understand how to use the SVA Fundamentals for Impact to answer critical questions about your organisation's effectiveness and create a clear pathway to prioritise and improve your impact in the social sector.

Malcolm provides critical expertise in the areas of strategy, collaboration and partnership, as well as stewarding people development within the SVA team. He has worked on a number of high profile projects including the merger between House with No Steps and The Tipping Foundation to create the largest disabilities service provider in Australia. Prior to joining SVA, Malcolm was a partner at Strategy& (formerly known as Booz & Company and now part of PwC) where he worked across a range of industries including energy, utilities and banking on business strategy, organisational transformation and performance improvement projects.

Concurrent Workshops #4

SELECT ONE



2:55pm

Plaza Auditorium

Conflicts of Interest for Boards in Regional Areas



Sallie Saunders – Director & Principal Consultant, Building Better Boards

Regional NFPs face some different and significant governance challenges including digital disruption, changing demographics, changing sociocultural factors, expectations of communities being served and a greater need for transparency in decision making. But a key challenge we hear about all the time is that of conflicts of interest which arise when board members are all connected in multiple ways. How can regional NFP boards evolve to avoid conflicts of interest or manage them with clarity and integrity? What policies and practices will help now and what might boards plan for the future? How can board recruitment and refreshment deal with the problem of the “smaller pool” to draw on? How can the board attract people with sufficient diversity of relevant experience and perspective? What can go wrong when conflicts remain unmanaged? What successful strategies have been used by other regional NFPs? Join Sallie to find your answers.

Sallie’s expertise includes professional development for NFP directors and senior managers, board room culture and dynamics, policies and procedures for contemporary NFP governance, and strategic planning. Sallie has over 45 years’ experience in and with NFP organisations as a manager and board director and as a senior manager in the public sector. This informed her 14 years as an academic in not-for-profit governance and management and adult education at the University of Technology, Sydney.

Room P7 & P8

Board Dynamics: Keeping it dynamic despite (inevitable) dysfunction



Derek Mortimer – Principal, DF Mortimer & Associates

Too often, NFP internal disputes are characterised and defined as highly emotional and spiteful differences of opinion. But it might be that an NFP board member who raises their voice or has difficulty articulating a concern is simply trying to do their job. It’s time to acknowledge the emotion of NFP internal disputes certainly, but it’s also time to move on. By use of copious case law, Derek will give practical examples of board and NFP organisation dysfunction. He will show the rights and duties of NFP board members as played out in particular sometimes highly charged contexts. This presentation will help NFP board members to make informed decisions to prevent and de-escalate dysfunction, and will also show that your NFP board’s issues may not be unique!

Derek has a reputation for patience, diplomacy and fairness when assisting with the resolution of internal disputes within not for profit organisations and charities. He is valued by his clients for his down to earth, empathetic approach to their needs for legal assistance. Derek founded and currently chairs the Law Institute Victoria “Charities and Not-for-profit Law Committee”.

Room P9 & P10

What Happens At The End? Tips for winding up an organisation



Helga Svendsen – Chair, Centre for Sustainability Leadership

Wind up – it’s not a dirty word. Winding up an organisation, if done at the right time in the right way, is something that boards can and should be proud of. There are over 50,000 registered charities in Australia. Many of them are doing fabulous work, but some of them are not financially sustainable, and should either merge or wind up. Learn about the wind up of the Centre for Sustainability Leadership, an organisation founded in 2005 and wound up in early 2019 after 14 years of inspiring, enabling, and connecting a network of amazing alumni to make the world a better place. Hear the story from Helga’s firsthand experience, as well as her tips about what they did before the decision, during the transition process and afterwards.

Helga specialises in strategy and planning, governance and stakeholder engagement. Building on her extensive leadership roles in government, not-for-profit and membership organisations, Helga is a dynamic facilitator, a supportive and challenging coach, an effective trainer and an engaging speaker. She is a board member of the Royal Women’s Hospital and was the Co-Chair at the Centre for Sustainability Leadership. She is a former Non-Executive Director of YWCA Victoria and Social Housing Victoria.

Plenary Presentation

PLAZA AUDITORIUM



4:20pm

Leadership in Times of Royal Commissions: A Tale of Two Cities



Marcia Pinskier – Director, NFP Advisory Services

Evolution or revolution? In times of Royal Commissions, do we need radical change or gradual development? Using the Royal Commission into Institutional Responses to Child Sexual Abuse as a Case Study, we look at how two organisations made diverse choices, early and late in their timelines.

Hear an examination of the good, the bad and the ugly and a consideration of the outcomes. At a time of what is often impending crisis, how is risk best managed while prioritising board obligations? This presentation offers universal lessons regardless of the industry, the jurisdiction, or the Royal Commission, that directors can take home. This is a timely presentation that applies to all directors in this age of the Royal Commission. There is a time for evolution and another for revolution on a board. In a time of Royal Commission, go home and think about pro-active evolution; this is the time to avoid a crisis revolution!

Marcia has served on numerous boards, including at state and national levels, commonly chairing governance committees. Currently, she is a director of the Jewish Museum of Australia and a member of the John Curtin Research Centre, Advisory Committee. With a detailed knowledge of the multicultural community, Marcia was appointed for two terms as a Commissioner for the Victorian Multicultural Commission. Among her other roles, she has served as liaison to the Victoria Police Multicultural Advisory Unit, President of Caulfield Junior College, as a member of the Victorian Mental Health Reform Council, Vice-President of the National Council of Jewish Women of Australia (Vic) as well as a director on their National board. Marcia is a FAICD, a nationally accredited mediator and holds a Master's Degree in Communal Service and Leadership.

Gala Dinner & Entertainment (ticketed separately)

BOULEVARD ROOM, BRISBANE CONVENTION CENTRE

7:00pm - 10:00pm



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

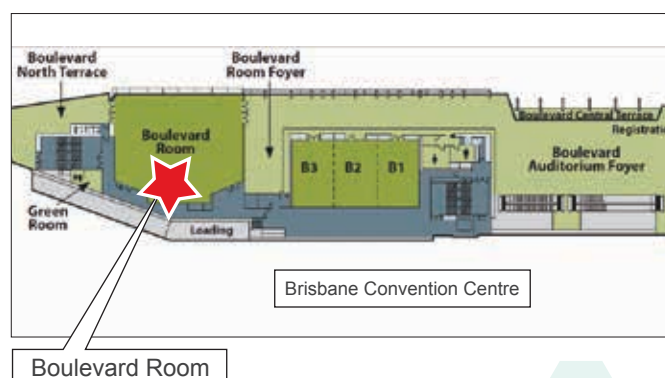
Brought to you in partnership with Impact Architects, the Gala Dinner is the social highlight of the Better Boards Conference and will be held on Saturday 3rd August. It's a great chance to unwind after a day of information gathering, enjoy a meal with your board, meet others and be entertained!



Location:

Boulevard Room,
Brisbane Convention Centre

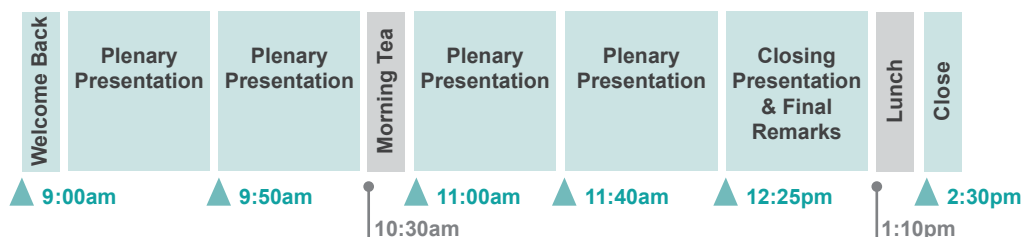
Arrival: From 6:45pm



Better Boards Conference

SUNDAY 4 AUGUST | PLAZA AUDITORIUM

Quick overview:



PLENARY PRESENTATION

Dimensions of Board Effectiveness



Dr Peter Crow – Director, Quarry Group Limited

Boards face many challenges in today's fast-paced world. Change is the only constant, and so-called 'best practice' provides little assurance of success. Dr Crow discusses some of the challenges that limit board effectiveness before presenting a new approach for better outcomes. Learn how board effectiveness depends on what individual members bring, what the board (collectively) does and the harmonious exercise of five key behavioural characteristics.

Peter has a doctorate in corporate governance and strategy (a pioneering study explaining how boards can influence firm performance); a first in technology and management; chartered membership of the Institute of Directors; and membership of several international institutions. He speaks and writes on topical board matters, and undertakes governance research. His board experience includes director, trustee and chair appointments; of privately-held and high-growth companies, family firms and social enterprises.



PLENARY PRESENTATION

Extending Trust and Social Licence Through Effective Stakeholder Engagement



Megan Motto – Chief Executive Officer, Governance Institute of Australia

Engaging with a diverse stakeholder base to build social licence is central to the viability and sustainability of strategy and operations. Megan will explore the idea of social licence and effective stakeholder engagement for building community trust, unpack strategies for authentic and contextual stakeholder engagement in multiple contexts, consider some key metrics and measures for accountability and trust, and discuss skills your boards and management need to navigate the complexities of stakeholder engagement. You will also gain an exclusive preview into the 2019 Governance Institute Ethics Index findings, with a focus on the social sector.

Megan is currently a Director of Standards Australia and a Director and Chair of the NSW State Advisory Council for the Committee for Economic Development of Australia (CEDA). In addition to her double teaching degree (BABEd) and Masters in Communication Management, Megan is a Fellow of the Australian Institute of Company Directors and a Justice of the Peace.



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

PLENARY PRESENTATION

Preparing For The (R)evolution – Being Governance Fit

11:00am



Darren Fittler – Partner, Gilbert + Tobin

Elizabeth Lathlean – Lawyer, Gilbert + Tobin

Physical fitness requires regular and sustained effort aided by routine. Governance is the same. While governance shifts should, in most cases, be incremental and by way of continuous improvement (evolution), sometimes circumstances will require a more dramatic shift (revolution), in which case changes should be made proactively and consciously.

Best Lawyers 2019 recognises Darren in Non-Profit/Charities Law and Chambers Asia Pacific 2019 ranks Darren in Band 1 for Charities. Darren was named in the 2015 Australasian Lawyer Hot List as a “Pillar of the Community” and was the recipient of the 2014 Human Rights Commission Law Award in recognition of his long term commitment to assisting not-for-profit and charitable organisations. He is also a volunteer director on a number of charity boards.

Elizabeth was the inaugural winner of the Pro Bono Award at the 2014 Lawyers Weekly 30 Under 30 Awards. She was also listed as a finalist for the Up and Coming Woman Lawyer of the Year category at the 2015 NSW Women Lawyers Achievement Awards and the Young Gun category of the 2014 Australian Law Awards. Elizabeth co-authored the legal and regulatory framework component of LexisNexis Practical Guidance – Governance.

PLENARY PRESENTATION WITH ACPNS

Unlocking the Power of Strategic Thinking and Planning



11:40am



Dr Ruth Knight – Research Fellow, The Australian Centre of Philanthropy and Nonprofit Studies

Until recently, there is very little research about what are the best ways to conduct strategic planning and the role strategic thinking plays when organisations are faced with a fast-changing political and funding environment. However, there is now evidence that a board’s culture either supports or hinders strategic thinking throughout the organisation. Hear how the board’s culture critically impacts how management and other staff think about problems, and make strategic decisions. Ruth will put a spotlight on the principles that you need to foster on the board and throughout the organisation to improve your strategic thinking and planning.

Ruth has extensive experience in not-for-profit leadership roles and has spent many years researching how workplace culture can achieve engaged workforces and organisational sustainability. Her special interests are measuring social outcomes and developing high performing leaders and teams.

CLOSING PRESENTATION

Change How You Think and You Can Change Everything

12:25pm



Kieran Flanagan – Co-Founder and Chief Creative Officer, The Impossible Institute

The problem with change is we tend to see it from only one perspective: what’s changing. If we want to rethink old ways and processes, solve problems better and build better engagement around new ideas, we need to see change more completely. We also must look at what needs changing and what’s unchanging. In this entertaining and thought-provoking presentation, Kieran will help you change your thinking and change what’s possible.

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 focus on your governance and continue to lead your organisation forward with integrity and impact 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 next year when the Better Boards Conference returns to Sydney on the 23-27 July 2020.

The Fundamentals of Good Governance, Post-Hayne

BETH MCCONNELL | GOVERNANCE

The recent Hayne Royal Commission highlighted some failures in governance in the banking and financial services industry and considered whether banks and financial services organisations had lived up to community expectations. Not-for-profit and for-purpose organisations have much to learn from the recent Royal Commission, as community expectations are crucial to their purpose and their viability.

In essence, the Hayne Royal Commission advocates a focus on and a sharpening of good governance fundamentals: governing for purpose, role clarity, improved capability and the importance of culture. So how can a not-for-profit or for-purpose organisation respond to the lessons from the Royal Commission in building its reputation, integrity and performance?

1. Purpose

Larry Fink, CEO of BlackRock Global Investment Management, stated in his 2018 annual letter to CEOs, 'Without a sense of purpose, no company...can achieve its full potential'.¹

Purpose is fundamental for a not-for-profit or for-purpose organisation, not only to performance but also to existence. Not-for-profit and for-purpose organisations must be clear as to why they exist and what they are seeking to achieve. These messages must be clearly communicated in engaging with all stakeholders. Boards must ensure there is clear definition and communication of the strategic goals of the organisation and drive the organisation to achieve these goals.

2. Role clarity

In order for an organisation to perform well, everyone's role must be clear. The Hayne Royal Commission confirmed:

*'The task of the board is overall superintendence of the company, not its day-to-day management. But an integral part of that task is being able and willing to challenge management on key issues, and doing that whenever necessary...Proper governance requires setting priorities. Setting priorities requires choices.'*²

Boards should act as guardians of the past and stewards of the future. Active and meaningful leadership is crucial, as true effectiveness occurs when everyone in the organisation is performing a well-defined role working towards achievement of a common goal. Role clarity requires good communication, accountability, regular engagement and training and good governance structures.

3. Capacity

Not-for-profit and for-purpose organisations should ask, "Do we have the right people around the boardroom table and the required capability in our board and management team to enable us to achieve our goals?"

There are various tools to assist with building capacity, including a board skills matrix, board reviews, diversification, training, building each individual's skills in independent thought and constructive challenge, as well as succession planning. Boards should actively plan their own development, as well as that of their organisation. In doing so, any conflicts of interest or duty must be identified and managed. This is truly leading from the top.

A most crucial element is building communication and an appropriate flow of information in order to better align the board and management. There is an onus on boards to effectively challenge management, ensure risk and compliance oversight and to seek adequate information, with an expectation of candour from management in return.

Workshops and reflection through independent review and enhanced transparency and accountability assist to build the alliance of the board and management. In this context, it is also timely to reflect on board agendas, papers and minutes.

4. Culture

The key overarching theme from the Royal Commission is culture. Organisations must define the culture they require to achieve their strategic goals and then actively seek to develop, manage and monitor that culture. Culture is more than just employee engagement; it must be linked to the purpose and strategic goals of the organisation. Organisations need to measure culture in order to manage it, so thought needs to go into how to do this. Directors increasingly need to get out and 'kick the tyres' in order to get a feel for culture.

Culture has been described as what happens when no one is looking. Yet boards of not-for-profit and for-purpose organisations need to establish oversight of culture in order to understand what is happening at the front line of their organisation, and then start pulling some of the levers that can be used to manage culture, such as accountability, transparency, internal controls, engagement and remuneration. The Hayne Royal Commission emphasised the connection between conduct and reward and the need for it.

Commissioner Hayne shared the following six principles to guide the conduct of business:

1. Obey the law.
2. Do not mislead or deceive.
3. Act fairly.

4. Provide services that are fit for purpose.
5. Deliver services with reasonable care and skill.
6. When acting for another, act in the best interest of that other.

Organisations are also increasingly being encouraged to ask the question “should we?” as opposed to “can we?”. Integrity and conduct are important considerations in answering this question, as ‘the behaviour you walk by is the behaviour you accept’.

The board is responsible for setting the tone from the top in building these fundamentals of good governance, effectively challenging management and ensuring the board has adequate information to discharge its duties: not *more* information but more *effective* information. Care should be taken in aggregating any data in reporting so that any emerging issues in the organisation are not masked.

The board and management must lead the culture by example and develop a robust governance framework in order to drive the performance of their organisation. Complacency can no longer be accepted. The Hayne Royal Commission has sent the strong message that boards and management must identify and deal with any

issues in a timely and effective manner. This requires active board oversight of both financial and non-financial risks and focus on customers in decision-making.

Moving forward

Community expectations of good governance are higher than ever before. Not-for-profit and for-purpose organisations should take the opportunity to reflect on, learn from and respond to the key governance messages from the Hayne Royal Commission in order to ensure their ongoing success.



Beth McConnell
Corporate Governance Consultant,
Beth McConnell Consulting
Beth is speaking in the opening presentation on Saturday morning.

¹ <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

² <https://www.royalcommission.gov.au/sites/default/files/2019-02/fsrc-volume-1-final-report.pdf>



QUT

Did you know QUT has a range of resources designed to make your nonprofit thrive?

The Australian Centre for Philanthropy and Nonprofit Studies (ACPNS)

DEVELOP YOUR BOARD: FREE EVALUATION TOOL

It's free, easy to use and will assist your board to aid in overall performance.

ACPNS provides surveys for a whole of board evaluation or a chairperson/director evaluation. The Developing Your Board (DYB) online, research-validated evaluation tool has helped hundreds of nonprofit boards across Australia achieve best practice in their governance.

550+

nonprofit boards and directors have undertaken the DYB evaluation since its inception in 2011.

91%

of board directors recommend the DYB evaluation to other nonprofit boards.

76%

of nonprofit boards reported that the DYB evaluation has helped them improve as a governing body.

SPECIALISED CONSULTING AND TRAINING SERVICES

ACPNS will work with your team to ensure you are equipped with the skills and knowledge needed to achieve your goals.

Whether you are looking to delve into one topic or build a broader skillset for your organisation, our practitioners will create a bespoke training program to suit you. Based on your aims, we offer training across the organisation or tailored to senior management.

'We have been working with Ruth and her team at QUT to measure and quantify our impact. As a charity and a relatively new charity we were complete novices in this space. We have been guided beautifully by Ruth and her team, ensuring we learn and are part of the process as it evolves.'

Rochelle Courtenay | Founder and Managing Director, Share the Dignity

HIGHLY-REGARDED ACCREDITED COURSES

Our students develop the skills for a career in the management of philanthropic, nonprofit and social enterprise organisations. We foster leaders; our alumni are equipped with high quality skills and knowledge allowing them to shape, inspire and advance the sector, from protecting animals and the environment to changing the lives of thousands of people for the better every day.

People just like YOU study at ACPNS.

In 2019/20 we have scholarships and bursaries available to those working in the philanthropy, nonprofit and social enterprise sector - but you'll need to be quick!

QUT's Australian Centre for Philanthropy and Nonprofit Studies (ACPNS) researches sector issues for policy, practice and community benefit; consults to and works with nonprofit organisations to boost their outcomes and; offers courses and scholarships for those working in the philanthropy, nonprofit and social enterprise sector.

+61 7 3138 1020
acpns@qut.edu.au

qut.edu.au/business/acpns



QUT Business School
The Australian Centre for Philanthropy and Nonprofit Studies

The Role of the Critical Friend for Directors

GEORGE LIACOS | STRATEGIC NETWORKING



I sit on probably as many boards as you do, and I work with about 20 boards each and every month doing our strategy and innovation work. So, after 25 years, I've seen a good few in action, warts and all.

My life is probably like yours. Life outside the board meeting is busy enough. Like master logisticians, we have to sort out kids, partners and businesses in order just to get to our board meetings.

Most of us are, after all, volunteers on at least one of our boards and really, on those boards can anyone expect of us more than that we are giving?

The vast majority of us have good intentions and a good heart and we sit on boards to do good.

But are we? Really?

*With every circular resolution,
have we moved the dial even an inch?
With every mover and seconder have we
engaged in discussion that makes a difference?*

Life can often mean that we are a few days out from the board meeting and we are only just reading our papers, only to pick out a few things that caught our eye. Have we added value? Did we really exercise our mind and make an impact through insight or effort?

With every circular resolution, have we moved the dial even an inch? With every mover and seconder have we engaged in discussion that makes a difference?

Do we get to really connect with each other and think deeply about the organisation we serve and the meaning we get from this work outside our annual planning session?

In my work I speak with chairs, directors and advisors constantly and the deflating fact is that there exists a common belief that the quality of direction from our boards is well below par.

Our good intent and logistical mastery is simply not good enough given our privilege.

Am I being a too hard? A catastrophist? Without doubt there are wonderful boards, directors and chairs.

I'll share with you a story. I was relating to my friend Ross how great it was that an organisation I was on the Board of was hitting all its KPIs. Ross asked me one question: "Are you making a dent in the social issue?"

All the usual responses came flooding out:

"If we weren't there, then it would be worse."

"We can't be expected to solve it by ourselves."

I bet you can guess more.

Then it dawned on me. Ross' question was that of a critical friend; someone outside the Board who was interested enough in me and my pursuits to ask. We weren't asking this at the board, not nearly enough.

Ross grilled me. We both want things to be much better.

Ross is my critical friend for my work as a director. I have a critical friend in each domain of my life.

It has become my learning and my view that every director needs at least one critical friend to help them unbridle their experience from the stricture of the standing agenda and the logistical slog.

These critical friends bump us out of those nasty ruts that creep up on us, they help us grow in our appreciation of the organisations we serve, and they keep us interested in our work.

My work as a director has led me to believe that possibly the biggest value bump to us and the organisations we serve won't cost you a cent. It has been around for millennia, it's a building block of a solid society and it's simple.

Find someone in your network or at your next conference and be their critical friend – and ask them to be yours. Invest the time before your next board meeting to kick the tyres on whether you're really making a difference. It will level up the conversations you have at the next board meeting and it might just transform your impact and your board.



George Liacos
Managing Director,
Spark Strategy

George is presenting a workshop at the CEOs Summit on Friday.



INTRODUCING



*Driving positive investment
for people and planet*

We are specialists working with social purpose organisations and impact investors in designing and facilitating impact investment projects

Talk to us today to find out how impact investment can work for you
impact@impactarchitects.co

Visit us for more information at
www.impactarchitects.co

An Effective Strategy Execution Framework

DAGMAR PARSONS | STRATEGY

Realise your not-for-profit organisation's vision in a simple yet effective way.

Not-for-profit organisations generally have a strong sense of purpose. They passionately can put into words why they exist, what is important and what the future state of a better world will look like. However, many not-for-profits struggle to articulate how they will achieve their vision.

Development and execution of strategy is often seen as a complex, time-consuming and costly process, or there may be confusion regarding what strategy actually is.

Strategy development and execution does not have to be complicated. All that is needed to focus an organisation on achieving its vision is a simple yet powerful strategy framework that explains an organisation's strategic journey in a succinct three page document. There are two key elements to this framework: first, to develop and articulate the strategy, and second, to implement the strategy and monitor progress towards the strategic objectives.

The organisation's board owns the strategy, leads the strategy development process and is accountable for successful execution.

Management has the mandate to execute the strategy and make it an integral part of business.

Another key aspect of this framework is ownership. The organisation's board owns the strategy, leads the strategy development process and is accountable for successful execution. Management has the mandate to execute the strategy and make it an integral part of business. Preferably, all staff, volunteers and interested stakeholders should participate in the development process. This will create an understanding across the entire organisation of the strategy. It will also facilitate acceptance of personal ownership by recognising the effect an individual may have on realising strategic outcomes.

The strategy framework introduced here is based on the Balanced Scorecard principles. It tells the story of the strategy, starting with the long running objectives and linking those to a number of key initiatives that must be undertaken to deliver the desired strategic outcomes.

This framework enables the organisation to monitor and adjust the implementation of the strategy. The strategy is simply the game plan for achieving the organisational vision. The strategy document developed using this framework is the manifestation of thoughtful strategy development.

The strategy framework consists of three components:

1. The Strategy Map

This map translates the strategy in a pictorial format.

The map depicts the strategic objectives and their interrelationships across four organisational perspectives. Typically, the Strategy Map outlines a three to five year horizon and does not change substantially during that time.



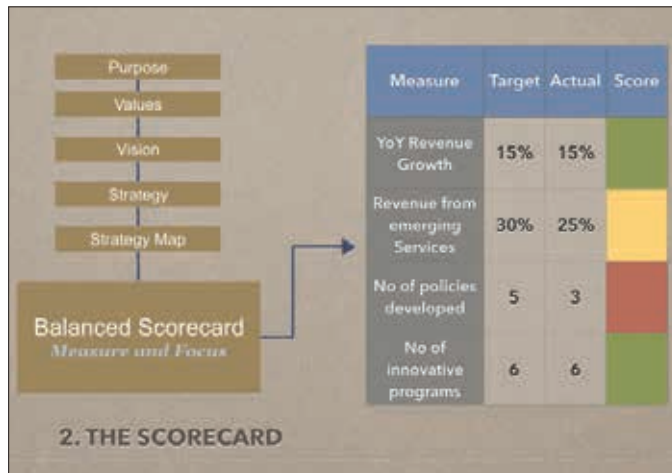
The four organisational perspectives mentioned above include:

- **The Learning and Growth Perspective**, which explores how the organisation must learn and improve to achieve the vision.
- **The Internal Processes Perspective**, which asks what processes the organisation must excel at to satisfy the organisation's community.
- **The Community Perspective** examines what the organisation must look and feel like to their community.
- **The Profit for Purpose Perspective** explains how the organisation will look to its stakeholders when success is achieved.

2. The Balanced Scorecard

The Balanced Scorecard provides the tool that links the organisation's vision and strategy to a set of performance measures that are monitored and reported on in a traffic light format.

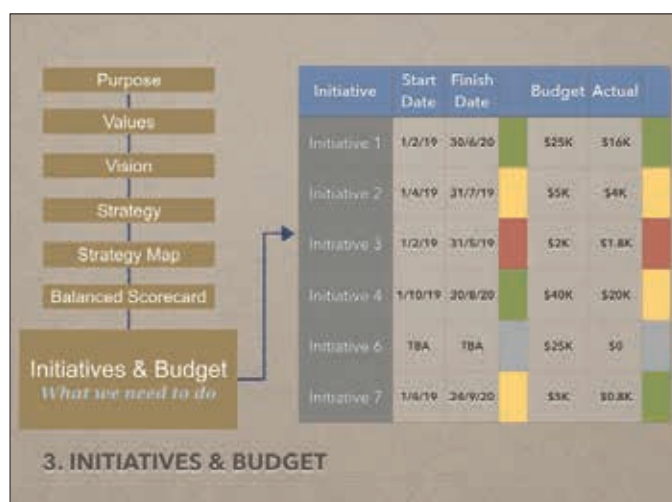
The Balanced Scorecard provides a short and long-term



horizon. First, the scorecard quantifies the long-term measures for the outcomes the organisation ultimately wishes to achieve. Then it defines short-term milestones for the next six to twelve months. Thus, the strategy journey is broken down into manageable intervals. As the organisation starts to use the scorecard to measure the effectiveness of key strategic initiatives, it will gain insights in regards to which measures are not working, which measures should be modified, and which new measures of strategic success have emerged that could be adopted.

3. Strategic Initiatives and Budget

Strategic Initiatives define what the organisation needs to do to achieve the strategic objectives.



There should only be a handful of Strategic Initiatives. Each initiative must have a direct impact on shifting the measures of strategic success towards the desired target and must link to the strategic objectives on the Strategy Map. The more objectives a Strategic Initiative addresses, the more impact that initiative has.

It is paramount for successful strategy implementation to realise that strategy execution requires resources, time and money. Therefore, each initiative has a start and an end date, an owner who is accountable for the execution of the strategic initiative, and a budget. Progress and expenditure must be monitored on a regular basis.

However, the best documented strategy is worthless if it doesn't become an integral part of business. An organisation genuinely lives and breathes its strategy when every organisational decision holds true against its strategy and its values. If one or the other is missing, the decision most likely is not the best that could have been made.



Dagmar Parsons
Non-Executive Director
Dagmar is presenting a workshop at the CEOs Summit on Friday.



Do you have the business skills to deliver your purpose?
Thinking commercially, acting benevolently.

CBB is a not for profit social enterprise that has been supporting the sector for over 20 years.

We offer consulting solutions to build your business capabilities. We can help you with:

- Simple solutions to get your financial and marketing foundations in place
- Business consulting – from market intelligence, through business modelling, financial modelling, marketing and engagement, and change management
- Specialist advice on NDIS

To find out how we can help your organisation, contact our team on 1300 763 505 or visit cbb.com.au



Developing Deeper and More Strategic Partnerships with Business: A Framework for Moving Forward

PHIL PRESTON | STRATEGIC PARTNERSHIPS



Corporations are now interested in social sector partnerships for much more strategic reasons than they have been in the past. How can NFP CEOs take advantage of this trend?

For years NFPs have been partnering with corporations, tapping into resources via their philanthropic and social responsibility agendas. However, we are now seeing the emergence of strategic relationships driven by the pressure on companies to find new sources of shareholder value, and this presents game-changing opportunities for NFPs.

The competitive landscape is changing

Businesses are getting more involved in social and environmental problems because they provide productivity and growth opportunities. A survey of global CEOs found that their number one strategic concern is creating inclusive growth, three times more pressing than increasing shareholder value. In other words, they see collaborative, inclusive business models as the foundations they need for driving shareholder returns.

What does it mean?

That all sounds good on paper, but what does it mean in practice? From a company's perspective, they interface with societal issues in three ways: firstly, there are those that don't have any impact on their core business, such as cancer research and banking. A bank may align itself and its staff with a cancer charity because it is 'a good thing to do', but it won't materially improve its financial performance.

Secondly, companies back certain causes for brand and reputation reasons. Kimberly Clark supports the Australian College of Midwives because of the relevance

of its nappy and wipes brands to that profession. And on the environmental front, they source 100% of wood fibre from FSC-certified sources. Such support and accreditation is valued, however this approach is oriented towards defending value rather than creating value.

The third type of interface is the one that's about value creation, where there is a revenue creating or cost-saving opportunity. Suncorp partners with Good Shepherd Microfinance to provide affordable insurance products for low income earners, a new growth opportunity for the company that addresses financial inclusion for an under-served demographic. In parts of Western Sydney, real estate agents partner with social services to reduce tenancy evictions that result from adverse life events, such as ill health, job loss or domestic violence. Why? Because it saves real estate agents and landlords money and, at the same time, ensures less people are prone to homelessness.

Creating shared value

Harvard's Professor Michael Porter and strategic philanthropist Mark Kramer coined the term shared value to describe this third type of interface or strategic approach. It is about creating positive social impact through core and profitable business.

Most large companies are reviewing their social sector partnerships and questioning where the value lies. It represents a risk for NFPs with partnerships that are deemed low value-add. On the flip side, there are fantastic opportunities to co-design and work together. Insurer IAG recently entered into a ten-year partnership with Australian Red Cross with creating shared value as a core aim. The length of the partnership is indicative of the strategic intent.

Cultural change

To play in this exciting new area, companies and NFPs need technical skills for generating innovative ideas, developing them with partners and stakeholders, and forming business cases. More importantly, there's human and organisational change challenges to deal with, because in cross-sector partnerships the parties have different motives, speak in different 'languages' and have their own work cultures. In my work, I've found that corporate personnel find it hard to comprehend the complexity of social challenges, and that NFP staff can feel intimidated by forging new types of corporate relationships. It is challenging corporate relationship managers who are used to playing in a philanthropic and CSR program space.

Finding and implementing initiatives built upon shared value principles may provide fee for service opportunities and access to skills, resources and networks at scale that can transform the impact you make.

A framework for developing opportunities

Strategic partnerships are based on the Dr Seuss-like question, "Who wants what we have and who has what we want?" Finding the intersection points between your impact area and corporate agenda is the challenge. As a starting point, consider the following framework:

1. The Corporate Agenda

For NFPs, this is the demand-driven approach. Find out where the current pain points are for companies using a strategic and operational lens. For example, if employee absenteeism or productivity problems are hampering a company's bottom line – and your services help address the contributing factors – then that's a good basis for an exploratory discussion.

2. The Societal Need

You have good working knowledge of your social impact area, so this approach is about clarifying what you are really good at and finding where that asset or skill has commercial value. As an example, financial counselling has many applications, including getting bank customers back on track when experiencing financial hardship, so there is fee-for-service potential.

3. Leveraging Under-Utilised Assets

Under-utilised assets can be great sources of inspiration for strategic partnerships. In the Suncorp low income earner insurance example, the model is only feasible because Good Shepherd Microfinance advocates for the customer and distributes the product through its national network. A traditional insurance distribution model would be too expensive.

It's About Preparation

The reality is that this is a corporate innovation play, where refinements to existing or totally new corporate business models drive the creation of economic and social value. Finding good ideas may be harder than standard partnering approaches, however the rewards are far greater when they do surface.

It's worthwhile scoping out where your general opportunities lie and equipping your board members with a cheat sheet to help them identify the types of companies that you'd like to engage with.

In a world where doing more with less is a priority for all sectors, you can use shared value principles to develop deeper and more strategic partnerships with businesses.



Phil Preston
Founder,
The Collaborative Advantage
Phil is presenting a workshop
at the CEOs Summit on Friday.

ADD VALUE TO YOUR AUDIT

The choice of an auditor is an important one. We can add value by thinking about the bigger picture, providing solutions to improve systems and performance, and providing advice to Board Members, Management and other stakeholders.

Our specialist auditors provide a comprehensive range of services.

- Not-for-profit organisations
- Charities
- Company audits
- Trust accounts
- Self-Managed Superannuation Funds (SMSF)

SPEAK WITH US TODAY

McConachie Stedman

Audit & Assurance



MCCONACHIESTEDMAN.COM.AU

The Elephant In The (Board) Room

JULIE GARLAND MCLELLAN | BOARD PERFORMANCE



In almost every survey of boards, directors reveal that they are unhappy with the performance of one or more of their boardroom colleagues. They usually then continue to reveal that their board has done nothing to remedy the poor performance.

For example, the 2018 PwC Annual Corporate Directors Survey¹ showed that 45% of directors believed that one or more of their board colleagues should have been replaced. The McKinsey Global Governance Survey² showed that 67% of directors served on a board where one or more directors should have been removed.

So why are boards so reluctant to address the issue of underperforming directors? What practical steps can they put in place to recognise and remedy performance issues?

Much reluctance can be traced to the need for directors to act as a cohesive – if diverse – team. Anything that disrupts the ability of the board to unite and support the implementation of decision is a threat to the orderly operation of the board and hence, the company.

What got them there

For not-for-profit directors, who are usually unpaid volunteers and motivated only by the success of the enterprise, risking the ability of the organisation to perform is anathema.

Directors will put up with a great deal from their colleagues before they will risk the mission.

Often directors are invited to fill a casual vacancy because they appear to offer a skill that is needed at the time. Sometimes they are appointed to please a stakeholder or simply to provide a quorum. Within a short time, they are put to a members' meeting and voted onto the board. There they add whatever value they were recruited to add. And too often, there they stay.

Only the members can appoint or remove a director. Once the members have elected a director, they often remain on the board without any further assessment of their continued usefulness. Re-election is an expectation. It is rare for a board to continuously evaluate performance and make informed recommendations to the members about who they should reappoint, or why they should support a change.

When push comes to shove

Directors, however much they resent underperformance, do not have the power to remove a director alone. The most they can do is call a members' meeting and put forward a motion for the members to remove the director. This unpleasant process is embarrassing for all concerned and usually avoided. It reflects poorly on the chair, as members assume that a good chair will somehow keep extracting good performance from the directors, even if the skills that they were sought out for have long since slipped into obsolescence.

Even the most diligent and dedicated director should expect to move on once their full contribution has been made.

The many forms of poor performance

Lack of a specific contribution to make is only one of many forms of poor performance.

Sometimes a zealous director will over-contribute. After a while, this exhausts the patience of everyone else in the room. Sadly, these over-contributors often make some very valid points, but the best insights are wasted if the audience has stopped listening.

Other directors are serial under-contributors. Staff wonder why they bothered to write carefully worded papers that appear not to have been read. Chairs despair at never hearing anything other than muted agreement with whatever the other directors agreed upon. Occasionally, their comfortable board seats seem to be used for napping.

Then there are the barrel-pushing proponents of one idea, project, set of stake holders, and so on. These directors appear to have a very narrow view of the world. Their focus is far too tight to allow them to see that they may be prey to a personal interest rather than one which serves the company.

Finally there are self-actualisers, who view the board as proof that they still have a valid and valued role in society. And the bullies, who appear to relish their power over staff, volunteers and even donors.

Whatever form poor performance takes, it is simply unacceptable. The modern NFP faces many challenges and needs a skilled, dedicated and high performing board to ensure that it succeeds.

Despite the respect for the contribution and good will of the underperformers, boards need to make a stand and start setting clear performance expectations. As the sector becomes ever more competitive, boards need every director to be tangibly adding value and visibly contributing.

What gets measured gets done

The first step in managing underperformance is to measure and identify it. Boards that do not gather data on director performance lack the evidence needed to mount a case for improvement. Directors who truly care will be open to training and learning to increase their contribution. Well-designed performance reviews should highlight areas where each director can focus to improve the measures that matter to that board at that time.

The NFP sector is blessed with many well-intentioned directors who really care and want to make a difference. Helping them to understand how they can be effective in their board role will help both them and the company. Providing targeted training and support can help directors to retain or regain relevance. Consistent under-target performance can identify directors who need to consider moving on and provide chairs with the necessary evidence for what is always a difficult conversation.

Difficult is not impossible

No elephant should be unmentionable. Telling a director who cares about the mission that their time on the board is reaching its end is never easy or pleasant. But failing to tell them can rob them of the ability to move with dignity and, in the extreme, rob the company of its ability to deliver its mission. No director should want to risk that.

It may be hard to tell someone who is a long-serving director that it is time to go. But it isn't impossible. And it will be beneficial in the long term.



Julie Garland McLellan
CEO,

The Director's Dilemma

Julie is presenting a workshop on Saturday at 11:55am.

¹ <https://www.pwc.com/us/en/services/governance-insights-center/library/annual-corporate-directors-survey.html>

² <https://www.mckinsey.com/featured-insights/leadership/governance-since-the-economic-crisis-mckinsey-global-survey-results>

OurCatHerder.com

**Rest easy knowing your
board administration
is all sorted.**

Free trial available
Visit www.ourcatherder.com



Changing ATO Guidance For Sporting Club Income Tax Exempt Status

VICTOR HAMIT | TAXATION RULING

Taxation Ruling Income tax: exempt sporting clubs ("TR97/22") is the formal public ruling issued by the Australian Taxation Office ("ATO") on 3 December 1997 and applies "to sporting organisations seeking to determine whether they are exempt from income tax".

TR97/22 states it "is to assist a club's office holders to determine whether their club is exempt from income tax".

A club which has a **main** purpose of sport (or sports) will be exempt from income tax pursuant to section 50-45 Item 9.1(c) of the Income Tax Assessment Act 1997 ("the 1997 Act") from the year commencing 1 July 1997. This provision succeeds section 23(g)(iii) of the Income Tax Assessment Act 1936 ("the 1936 Act") in respect of years prior to 1 July 1997 but expresses the same ideas and interpretation and therefore applicable case law was not intended to change. The intention was to simplify the provisions of the 1936 Act as they were migrated to the 1997 Act.

The 1997 Act requires a club to satisfy the following tests:

1. is not carried on for the purpose of profit to its individual members; and
2. must be for the encouragement of a game or sport; and
3. the encouragement must be the club's main purpose.

From the year commencing on or after 1 July 2013, the 1997 Act was amended to add further special conditions and therefore additional tests for clubs to satisfy in order to qualify for income tax exempt status (see Taxation Ruling TR2015/1 Income tax: special conditions for various entities whose ordinary and statutory income is exempt and Ruling Compendium 2015/EC). The additional tests to be satisfied for sporting club income tax exempt status are:

4. the club has a physical presence in Australia; and
5. incurs its expenditure and pursues its objectives principally in Australia; and
6. complies with all the substantive requirements in its governing rules; and
7. applies its income and assets solely to the purposes for which the club is established.

The ATO has determined to review and re-write TR97/22 and has been conducting confidential and public consultations over the past 12 months prior to issuing the re-written TR97/22 for public consultation. The re-written TR 97/22 can assist clubs and office bearers, in our opinion, by the following improvements:

1. Explicitly stating that financial resources can be a form of encouragement as was stated in the draft TR95/22 which preceded the then final form TR97/22 but the reference to financial resources was omitted in TR97/22.
2. Explicitly stating that a separate entity conducting social activities to support a separate but allied entity which actually fields the sporting teams is not automatically disqualified from exemption. The ATO appears to have focused on the activities of a social club as its purpose rather than a means by which to financially support its sporting club associate, which in fact is the ultimate purpose.
3. Accepting that the High Court case of *Commissioner of Taxation of the Commonwealth of Australia v Word Investments Limited [2008] HCA 55* ("Word Investments") has application to sporting clubs in that the purpose of fundraising is to be determined by the ends sought to be achieved rather than its fundraising activities. If the ATO does not accept this position for sporting clubs then it should unequivocally explain its reasoning.
4. A similar emphasis on ends (or the destination of fundraising) for determining purpose rather than activities (or means) be adopted if clubs seek to dispose or develop excess assets such as land.
5. That the current provisions of TR97/22 remain where the club's constitution does not specifically deal with the application of a surplus on winding up but rather relies on the provisions of governing legislation which prohibit a distribution to individual members. Many constitutions in different state jurisdictions do not specifically state the prohibition relying on the provisions of the governing legislation.
6. The definition of a game or sport should be flexible enough to allow for change over time. Once such an activity which would now be considered a sport rather than a leisure activity is bodybuilding, given the highly competitive environment in which it features.

Annual Reviews

One area with which we do agree with the ATO, whether a club holds a current Private Binding Ruling ("PBR") or not is for the club to annually review its income tax status. An annual board review prior to the signing of the annual financial statements is an easy time to remember but the outcome of the review should be noted in the board's minutes.



Victor Hamit
Director/Lawyer,
Wentworth Lawyers

Victor is speaking in the opening presentation on Saturday morning.

Unlocking the Power of Strategic Thinking and Planning

RUTH KNIGHT | STRATEGIC THINKING

How do you think and plan strategically to address complex missions while balancing resource and workforce constraints? It's an important question for the non-profit, philanthropy and social enterprise sector.

Being strategic appears to be critical if organisations wish to be sustainable and improve employee and client outcomes, yet many non-profit leaders and staff frequently say that they can't find the time to think or plan strategically.

Clever organisations are overcoming this problem by instilling strategic thinking within their organisational culture. Achieving a workplace culture where this type of thinking is valued and practised requires leaders throughout the organisation to role model and encourage team members to develop skills in creativity, problem solving, teamwork, and sense-making. Listening skills and reflective practice are also critical skills that need to be developed, so that everyone is able to optimise and improve how they go about their work and improve their effectiveness.

Research suggests that if leaders are able to focus on developing strategic thinking, there are huge benefits for the individual, team and organisation. It can improve a team's performance, their ability to plan and evaluate activities and practices. It promotes openness to change and helps people to see problems as opportunities. It can lead to social innovation and improved social impact.

An example of an organisation that has demonstrated the power of building strategic thinking within the workforce is Buurtzorg, a highly successful home care organisation. Founded in the Netherlands, they have made headlines around the world for their innovative use of independent nurse teams in delivering high quality care with relatively low costs. By developing a model of care that promotes strategic thinking and care, Buurtzorg states they have accomplished a 50% reduction in hours of care, improved quality of care and staff satisfaction.

Another example is The Leukaemia Foundation, who deliberately told staff a number of years ago to build in a proportion of their annual fundraising budget to 'try something new'. Some ideas did not work as well as expected, but by developing their strategic thinking the fundraising team began to be creative and innovative. Eventually they planned and trialled the World's Greatest Shave idea. While many organisations would not have invested resources and time into such a risky new idea, the organisation worked together and now more than two million Aussies have taken part over the past two decades.

What can we learn from these great case examples?

1. Purposefully develop your team's strategic thinking skills by giving people time to reflect, share knowledge and ideas, be creative and take risks.
2. Reward people who develop ideas to improve efficiency and performance. But also, equally appreciate people who share what they learn when things don't go to plan.
3. Foster a culture that sees problems as opportunities, give people tools and approaches to problem solving so they feel empowered and confident when faced with complex challenges.
4. Encourage your Board and staff to be curious. Give them time to join Communities of Practice, conduct research and share client feedback so the team can learn from critical information sources. No matter how busy they are, instil a discipline of making time for personal and team reflection.

It's worth remembering that strategic thinking has a far and wide reaching effect, particularly on the organisational culture and employee engagement. When staff have the professional freedom to be curious, reflect and take risks, it not only makes them more effective leaders and individuals, it gives the organisation the best chance of achieving long-term success and social impact.



Dr Ruth Knight

Research Fellow, Australian Centre of Philanthropy and Nonprofit Studies
Ruth is presenting at 11:40am on Sunday.

Recommended reading

Hansen-Turton, T., Torres, N., Drew, S., & O'Connor, M. (2014). *Social innovation and impact in nonprofit leadership*. New York, New York: Springer Publishing Company.

Moon, B. (2013). Antecedents and outcomes of strategic thinking. *Journal of Business Research*, 66(10), 1698–1708.

Nicholson, G., Newton, C., McGregor-Lowndes, M., & Renz, D. (2012). The nonprofit board as a team: Pilot results and initial insights. *Nonprofit Management and Leadership*, 22(4), 461–481.

Olson, A., & Simerson, B. (2015). *Leading with strategic thinking : four ways effective leaders gain insight, drive change, and get results*. Hoboken: Wiley.

Turner, N. (2018). *Yes, You Can Innovate* (1st edition). Pearson Business.

Reversing the Onus of Proof: a Proactive Response to Preventing Abuse Within NFPs

DEREK MORTIMER | STATUTORY DUTY OF CARE



Legislation that creates a statutory duty of care is likely to have an important impact on the governance culture of not-for-profit organisations involved in caring and supervising children, but it also presents some challenges if that culture is to change.

Background

Changes to the law are appearing throughout Australia to create a statutory duty of care for organisations involved with caring and supervising children.¹ The changes mean that a child abuse survivor does not need to prove that the relevant organisation has a duty of care; instead, the organisation must be able to prove that it took reasonable precautions to avoid liability.

The background to these changes is that perpetrators of child abuse in organisational settings are accepted as deriving credibility from their position of authority within the organisation.² This position of authority has allowed perpetrators (at least for a time) to “get away” with brazen abusive behaviour, confident that the victim would not complain.

The governing body of such organisations can no longer try to distance itself from alleged abusive behaviours of its employees or volunteers. Instead it must (if it has not already) develop a culture that sees the organisation is in a relationship with the survivor. This change in culture is perhaps best reflected in several exchanges between Royal Commission officers and a witness, Cardinal Pell.

During the 2014 hearings, Cardinal Pell claimed that the Catholic Church “was no more responsible for priests

that abuse children than a trucking company would be if they employed a driver who molested women”. The *Redress and Civil Litigation Report* records³ that Cardinal Pell later accepted comments by the Commission Chair that there can be a need for an organisation to maintain a relationship with a complainant, and on that basis the organisation might seek to mediate and settle claims.

The changes mean that a child abuse survivor does not need to prove that the relevant organisation has a duty of care; instead, the organisation must be able to prove that it took reasonable precautions to avoid liability

The challenges to making a change in governance culture

Some of the challenges which were referred to in the various Commissions of inquiry about placing duty of care on relevant organisations to prevent child abuse include:

- the cost of compliance,
- the possibility that boards will lose volunteers for fear of being involved in litigation, and
- the concern that the public will not donate funds to an organisation where those funds may be used to pay out survivors of sexual abuse.

Undoubtedly, organisations that have not taken reasonable precautions to protect children under their care, supervision or authority are going to have to incur

costs and time to ensure compliance.

For example, under the *NSW Civil Liability Amendment (Organisational Child Abuse Liability) Act 2018*, “reasonable precautions” will include an organisation considering:

- its formal relationship with the child,
- the role of individuals within the organisation who are involved in the care or supervision of children,
- the level of control it has over individuals involved in the care or supervision of children,
- whether it complies with applicable child safety standards,
- the resources it reasonably has available, and
- whether it has delegated some or all care, supervision or authority over a child to another organisation.

Undoubtedly, organisations that have not taken reasonable precautions to protect children under their care, supervision or authority are going to have to incur costs and time to ensure compliance.

But expressed concerns about volunteers abandoning not-for-profit boards, the public no longer wishing to donate or bequest their assets need not be realised, in my opinion. It is a question of rebuilding trust and confidence.

Rebuilding trust and confidence

Being seen as committed and proactively addressing its duty of care to children is likely to increase an organisation’s public trust and confidence.

The ACNC *Trust and Confidence Survey 2017*, for example acknowledges trust and confidence has already eroded for religious organisations stating, “It is not surprising that trust in religious organisations has significantly declined in 2017 given augmented levels of negative media attention.”

However, the same survey acknowledges that despite very public internal scandals, public trust and confidence in the Australian Tax Office has actually increased. This was attributed to the Tax Office being seen to have acted quickly to address those scandals.

An observation on industry codes from the Financial

Services Royal Commission might also be apt in relation to organisations policies regarding a duty of care to children:⁴

“Industry codes are expressed as promises made by industry participants. If industry codes are to be more than public relations puffs, the promises made must be made seriously. If they are made seriously (and those bound by the codes say that they are), the promises that are set out in the code...must be kept. This must entail that the promises can be enforced by those to whom the promises are made...”

Being seen as committed and proactively addressing its duty of care to children is likely to increase an organisation’s public trust and confidence.

Without wishing to be at all disrespectful to faith organisations, particularly those that did not fare well at the Royal Commission, it is worth recalling the “cleansing of the temple” narrative from the Christian gospel. This well-known narrative tells of Jesus expelling people from the temple who were using it for personal gain.

This “cleansing of the temple narrative” is perhaps a useful metaphor applicable to all not-for-profit organisations. It is an exhortation to organisations involved in child care and supervision to develop and finesse policies to reflect their duty of care to children.



Derek Mortimer
Principal,
DF Mortimer & Associates
Derek is presenting a workshop
at 2:55pm on Saturday.

¹ Examples are the *Wrongs Amendment (Organisational Child Abuse) Act 2017* (Vic) and the *Civil Liability Amendment (Organisational Child Abuse Liability) Act 2018* (NSW).

² See the Royal Commission into Institutional Responses to Child Sexual Abuse *Redress and Civil Litigation Report 2015* Section 15.4.

³ Ibid, page 517.

⁴ Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry *Final Report* volume 1, page 12.

The Collective Voice – A Crucial Leadership Element

MARCIA PINSKIER | GOVERNANCE



Numerous professional development resources dispense advice with the presumption that directors will approach objectives with a shared attitude and intent, that the board will reach a consensual decision and speak with a collective voice.

The reality is that often this is far from the case. Resolution can be difficult and that collective voice may be impossible to achieve.

Many boards will successfully overcome dissent in the boardroom. These boards are the ones who have done their 'homework' and prepared in advance to address problematic issues.

While healthy dissent can be a sign of an effective board, differences – habitually ill-managed – are obvious drivers that can lead to substantive leadership and organisational damage.

Many boards will successfully overcome dissent in the boardroom. These boards are the ones who have done their 'homework' and prepared in advance to address problematic issues. For other boards, lack of leadership preparation can see constructive organisational culture fall by the wayside, contributing further to the sense of corporate crisis.

As directors, how do we maintain that crucial capacity to find our collective voice, that key element of a necessary leadership culture?

Measures fall into two categories: the pre-emptive tools and the mid-crisis actions.

Pre-emptive tools

Pre-emptive tools will have a long-term impact. The board, having undertaken these steps, is more likely to avoid knee-jerk reactions or experience uncontrolled division and friction. These tools contribute to long-term clarity and provide process for a leadership group to fall back on in times of disagreement and discord.

1. Policy. Policy. Policy.

Nothing is as crucial as having policy (developed against organisational values and previously ratified by the board themselves) to guide decision-making when conflict flares. Arguments of bias or prejudice should not arise using the established policy process as a guide to the correct implementation of procedures. Policy becomes the defining, uniform and pre-existing reference for all.

Governance policy should be a regular item on the agenda with several policies coming to the board on a monthly or bi-monthly cycle for review. This increases the likelihood of director engagement.

Governance policy should be a regular item on the agenda with several policies coming to the board on a monthly or bi-monthly cycle for review. This increases the likelihood of director engagement. The alternative, delivering the entire policy manual to the board for review, perhaps on a

two-year cycle as is common, is not conducive to robust policy. In all likelihood, most directors will fail to be familiar with the material.

2. Code of conduct

Develop a code of conduct to inform the constant practice of appropriate behaviour in board interactions. With courteous practices as your standard, at times of conflict or dissent, directors will have both the custom and norm of interacting with civility to overcome prospective heat in the room.

A code should reference the importance of respectful dialogue, work practices and behaviours, listening with consideration to alternate opinions and the importance of not acting in a fashion that might bring the organisation into disrepute, whether as an individual or part of the governance group. All directors, and most certainly the chair, should not be shy to point out unsuitable behavior or acknowledge and celebrate positive actions, especially when demonstrated by the board as a whole.

3. Dynamics at the board

Dynamics at the board are best supported by the development of professional, social relationships, so encourage circumstances for directors to engage socially. These occasions provide opportunities for directors to avoid being 'strangers', to schedule their own outside meetings and work through any difficulties they may anticipate or come across within the boardroom. For example, offer a light meal in the 30 minutes before the board meeting begins, or include one or two formal events to thank directors for their contributions through the year.

4. Performance reviews

Boards who fail to self-assess and regularly review are missing opportunities for accountability to themselves and their stakeholders. The performance review is an excellent tool to gain knowledge and input for professional development, both as individuals and as a board.

When undertaking a performance review, think twice before determining that the use of internal resources make a more cost-effective choice. Consider the possibility that this may impede objectivity, honesty, comfort or confidentiality from parties involved and the risk of impact on the review outcome. Focus widely, as social dynamics, professional, inter-personal relationships, both between directors and directors or the CEO, are as important as areas like finance, risk, operations and compliance. Ensure you consider your leadership culture. This is the opportunity to receive objective feedback about the dynamics of how you function as a leadership group and if necessary, prepare yourselves for how you might engage together in times of conflict or crisis.

Mid-crisis actions

Mid-crisis actions are resources to utilise when a conflict in the boardroom is proving beyond the control of directors to independently overcome. These will assist in finding your way back to a collective voice.

1. Commit to action

If your board can agree on one matter only: commit to the need to act. Conflict or crisis won't go away, be ignored or contained by lodging one's head in the sand. Infection left unaddressed will spread.

2. Find an external consultant or mediator

Source an external professional to assist in working through issues. Avoid anyone who has a connection to any individual on the board, even if it is more cost-effective. It's imperative that all parties feel assured they have a trusted and objective individual with whom to work.

3. Values

How often does your board discuss your organisation values? Values form the basis of the choices, behaviours and processes you follow as a leadership group. If this is not a conversation that happens regularly, bring in a facilitator to help start one and help your board return to their values and very likely, their collective voice.

Mid-crisis actions are resources to utilise when a conflict in the boardroom is proving beyond the control of directors to independently overcome. These will assist in finding your way back to a collective voice.

While there is no guarantee of a universal point of view in the boardroom (in fact, diversity of thought and input is to be valued), a breakdown of capacity to find unison in decision-making among leadership will commonly lead to lack of control and damage to the organisation.

Think about the long-term. Utilise the many resources available, both with foresight and insight and work back to your collective voice.



Marcia Pinskier
Director,
NFP Advisory Services
Marcia is delivering a presentation at 4:20pm on Saturday.

Get Real: What Are The Questions Boards Need to be Asking During Mergers and Acquisitions?

MALCOLM GARROW | MERGERS & ACQUISITIONS



So you're on a not-for-profit board and the question of a merger or acquisition comes up. What's your primary objective as a board member as you navigate these often complex discussions?

Is it:

- To safeguard the organisation's legacy?
- To rigorously examine the potential business case and its financial viability?
- To thoroughly explore the risks and push for detailed due diligence on the potential partner?
- To dust off your AICD training (or get legal advice) on your fiduciary duties as a Director during a transaction?

From where I stand, it's none of the above. That's not to say these objectives aren't important, but fundamentally your primary objective as a board is to ensure your organisation is effecting the positive changes in the lives of people or communities it is seeking to support. During a merger transaction or acquisition, this fundamental purpose shouldn't change.

Mergers and acquisitions can be complicated and lengthy transactions with many moving parts to consider (see our how-to guide¹ on not-for-profit mergers if you're interested in a blow-by-blow). However, the overriding principle that needs to govern all decision-making is whether this transaction is going to increase the impact your organisation can achieve for your clients.

From our experience supporting organisations considering mergers or acquisitions, we've found that there are four things boards must remember to allow the focus on impact and client to remain paramount.

1. Do you know whether your organisation is having an impact?

If your organisation were to close its doors tomorrow, what would the impact be for your clients? Do you know if you're actually quantifiably achieving the positive change you're seeking to make? These questions apply whether your organisation is considering a merger or not, but it's surprising how frequently boards can't answer them. If the purpose of a merger is to increase impact, you can't judge the change a merger may have on your ability to deliver that impact unless you know its current status.

Having the ability to track and measure impact is key for all organisations, but particularly those engaged in merger conversations. Even just weighing up a merger costs time and money, let alone implementing one. Before you begin, ensure you have a solid understanding of your own organisation's performance, including its strengths and weaknesses.

2. Check your ego (and that of your organisation's) at the door

We're all involved in the social sector because we're passionate about doing good. At the same time, we're human and can't help having egos too. One of the major causes for derailment of a partnership transaction are people-related issues. These can be things like:

- **Board representation** – how many seats does each organisation get on the new board?
- **Board selection** – who from each board gets to be on the new board?
- **CEO selection** – you start this process with two CEOs but at the end of the day, there can only be one, so who will it be?
- **Leadership team composition** – what criteria is used to select the leadership team? How do you retain exceptional talent during this period of uncertainty?

If not handled well, these issues can lead to confusion and ill-will, or even complete relationship breakdown between parties. Boards play an instrumental role in setting the tone for merger proceedings. Have tough conversations early and make sure lines of communication are open and clear from the start. If you can keep yours and your leadership teams' personal feelings in check and stay focused on the larger purpose, these potential showstoppers can be avoided.

3. Remember to explore your options

We often speak with organisations that have been the subject of a merger or acquisition approach. It's always flattering to be asked but it's important to pause and consider a few things before taking any action:

- What is your organisation's current strategy, and how does the merger or acquisition align to it?
- If it is not aligned with your strategy but seems like a good idea to achieve your organisational objectives, are you clear as to why?
- Who are the other participants in your ecosystem? Is there a more suitable partner than the one who has approached you?
- Is there a values-alignment between your two organisations?

Ultimately, all organisations should be looking to find ways to drive better outcomes for their end beneficiaries. A merger could do this in any number of ways including extending an organisation's reach to new locations, creating new capabilities, reducing cost, or by providing a more compelling case for government or philanthropic support. Then again, you don't want to waste valuable resources vigorously investigating a merger business case if a simple run through the questions above tells you this isn't the right opportunity to pursue.

Ultimately, all organisations should be looking to find ways to drive better outcomes for their end beneficiaries.

4. Don't be afraid to get pointy when the time comes

Finally, if you have worked through those three items and you still think a merger or acquisition is a good idea, there are some practical issues to explore before you can commit as they can significantly change your approach.

These include:

- **Governance** – given the constitutions and legal structures of the entities involved in the transaction, exactly how would the merger or acquisition be executed? Are there significant changes in constitution (for example, objects) that would be required for that to happen?
- **Stakeholders** – not-for-profits have many stakeholders who need to be considered when entering into a transaction, including clients, staff, members, philanthropic supporters and government funders. You will need a plan for how and when to engage with them.
- **Business case and due diligence** – the board needs to align with management as to what they want to see in the business case and how deep to go in the due diligence activities.

We hear from our clients how frequently the topic of mergers or acquisitions comes up in their organisations, and boards have a vital role to play in these discussions. Whether it is the right decision to merge or continue solo is dependent on factors unique to each situation, but what is universal is the role of the board in managing these considerations in a way that strengthens your organisation, and supporting your executive to not lose sight of what it's all about: better outcomes for your clients.



Malcolm Garrow
Executive Director,
Social Ventures Australia
Malcolm is presenting a workshop at 1:45pm on Saturday.

¹ <https://www.socialventures.com.au/sva-quarterly/how-to-go-about-a-non-profit-merger/>

TAGS™

The Australian Governance System

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

- ◆ 8 Governance Principles
- ◆ 69 Governance Policies, Procedures & KPIs
- ◆ Over 100 Documents & Tools, eg:
 - * Board Committee Terms of Reference/s
 - * Self Assessment Tools
 - * Clinical Governance Tools
 - * Board Skills Matrix
 - * Board Decisions Register.

Visit our Trade Stand to organise your complimentary desktop Governance Review. #

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

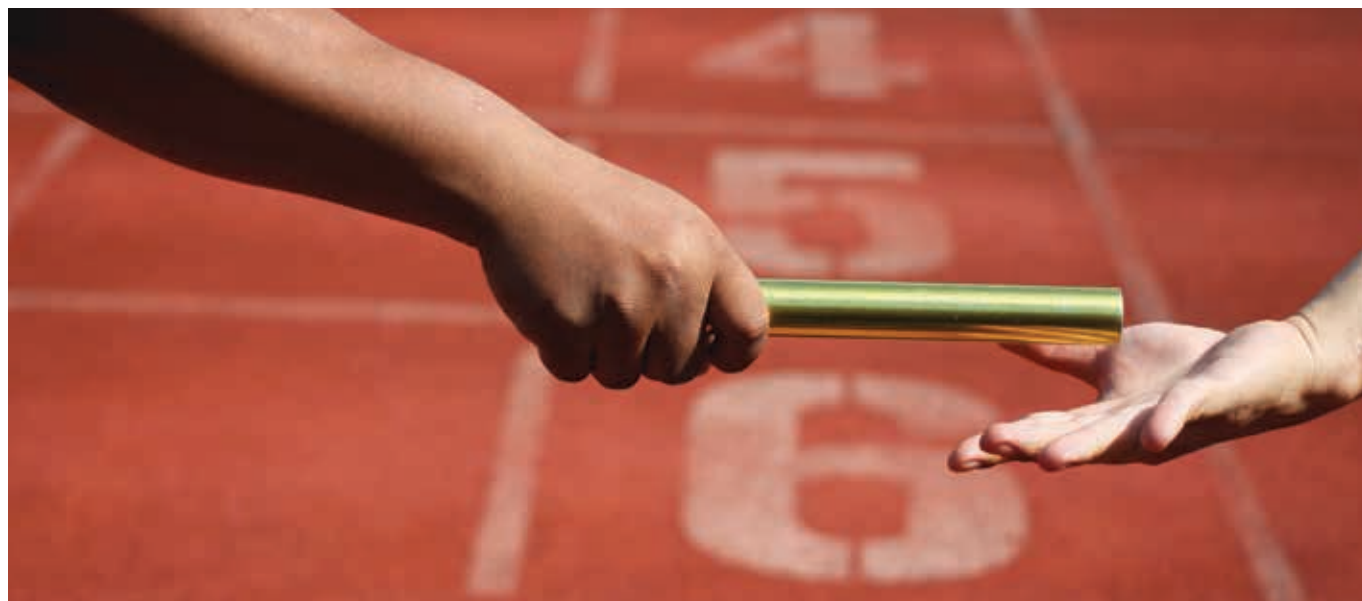
Terms & conditions available at our Trade Stand

Supports Aged Care
Quality Standard 8,
Organisational
Governance



A Positive Wind-Up For The Centre For Sustainability Leadership

HELGA SVENDSEN | ORGANISATIONAL SUSTAINABILITY



After 13 years of training and support, the Centre of Sustainability Leadership (CSL) reached a natural end to its ground-breaking run. Under the guidance of the board, CSL is handing over its intellectual property, brand and the 1000+ alumni to the Monash Sustainable Development Institute (MSDI).

'Sustainability' was a word that offered optimism and opportunity when co-founders Larissa Brown and Jason Clarke kicked off CSL back in 2004. Larissa was the visionary who seeded the leadership training idea through the Greensteps Program for Monash Sustainable Development Program. Jason was the 'first follower', the one who helped bring leadership content and a way forward. The mantra was and still is, 'if you can't get people in power to care, then get people who already care into positions of power and influence'.

It was a grassroots organisation, the kind built around a kitchen table with good intentions and to begin with, little funding. As philanthropic and other funding grew, CSL could provide even more people with the opportunity to participate in its life-changing sustainability leadership programs. CSL's need – and reputation – grew. At its peak, there was more than a dozen staff. The tight-knit alumni flourished.

However, in more recent years, CSL found it increasingly difficult to make ends meet.

I joined CSL as Chair in 2015. While there was nobody like us when we first started, by this time we were not bright and shiny and new anymore. There are now other organisations doing similar work to us, so we just weren't

attracting as much philanthropic funding anymore. CSL made moves to transition from very low-cost fees to a fee-for-service model. Moves to expand the program, such as building community and corporate programs, were also explored, but it wasn't enough to ensure the ongoing sustainability of the organisation.

I knew it was pretty common for an early adopter organisation to find itself in a different position 12 years down the track. There's always a lifecycle and organisations should be plan for and be proud of when they come to the end of their life cycle.

So, in April 2018, we made the decision to wind up CSL. We decided that we would continue to run the 2018 program and accepted that this would likely be at a financial loss – we had enough reserve funds to allow this to happen. This would give us the time to ensure that the wind-up would be orderly, rather than a quick 'fire sale' process that would disrupt alumni, and potentially undermine the legacy of CSL.

Managing the wind-up

We identified five key areas of the wind-up that would require close attention to ensure it was a success. We established a working group for each, coordinated by a board member, covering:

- Expression of Interest process,
- Communications,
- Intellectual Property,
- Finance, and
- Legal.

Further, the board engaged two part-time Transition Officers to help manage the work that needed to be done. CSL is a small organisation and this was an 'all hands on

deck' process. We coordinated the work through weekly, and then fortnightly 'transition working group' meetings, where the coordinator of each working group would report on progress and any sticking points or risks.

The work of each group ebbed and flowed during the next nine months that constituted the remainder of 2018. Indeed, it still continues although at a much less frenetic pace. I have outlined some of the key responsibilities of each working group below.

The Expression of Interest process

The 1,000-strong passionate alumni are the key reason why our board decided early on to seek a new home for CSL, rather than simply shut up shop. The aim was to find the right values-aligned home for CSL's alumni, programs and valuable intellectual property, rather than reach the point where all that's left is the 'fire sale' option.

When we decided we couldn't do it anymore, that CSL was no longer sustainable, we put out an expression of interest out to the world.

Twenty organisations applied to us. Our board assessed the applicants based on:

1. **Commitment to sustainability** – that is, values alignment and proven track record in the field.
2. **Credibility with regard to longevity and reliability** – to build and advance the trusted and credible brand that is CSL.
3. **Approach and capability to support the alumni network** – to continue to influence, grow and support each other.

After a lengthy process involving applications, short listing, interviews and mutual due diligence, we settled on MSDI, an organisation that had sowed the CSL seed. It was like returning home in a way. MSDI will do a reset and review, and they'll assess how to look after CSL's alumni and programs and use them to complement what they already have on offer.

Communications and engagement

- The initial board discussion was facilitated with support from Ernst & Young, and staff were involved in this discussion. The decision to wind up was a collective one of staff and us as a board.
- We ensured that the alumni were first to know. It was first announced to our current program participants at their retreat, and then to alumni via a Facebook Live and immediately following this, a series of emails were released to the broader CSL community.
- Board and staff members were also allocated key stakeholders, such as funders and former board

members and founders, to ensure they heard personally rather than via the grapevine.

- For current funded projects, we ensured that a clear process was in place to reassure funders that their programs would be completed.
- The 2018 graduation was held at a joint retreat and all alumni were invited to the celebration, as a way to not only mark the graduation of our final year but to also celebrate the many years of CSL's success. CSL staff, board and founders provided as much information as possible to attendees about the transition.

Intellectual property

- Like many organisations, the CSL program and IP was only partially documented. Many of the facilitators passed down the IP informally to new staff, rather than having it all neatly documented. This needed to change given the IP would be transferred to another organisation.
- The board used reserves to fund the work to collate the CSL intellectual property, to give the new organisation the best chance of keeping the CSL spirit alive.

Finance

- There were many steps in this, including ensuring that all creditors and debtors were established and advised and assuring solvency through to the transfer date.
- Excess funds from reserves were transferred to MSDI to support future scholarship to the program.

Legal

- CSL engaged pro bono lawyers to support the negotiation and finalisation of some of the legal documents for the transfer.

In any story, the ending is just as important as the beginning. For CSL, I am proud that CSL's legacy will continue through MSDI. I'm also proud that the wind-up proceeded in such an orderly way and that staff, program participants, alumni, funders and board were so engaged in the process.

My advice to other organisations struggling with sustainability is to be courageous: the end of one story is just the beginning of another.

I look forward to the next chapter in CSL's story.



Helga Svendsen
Chair, Centre for Sustainability Leadership
Helga is presenting a workshop at 2:55pm on Saturday.

Keeping Charity and NFP Governance Front of Mind: The Pre- and Post- Merger Quandary

DARREN FITTLER | MERGERS & ACQUISITIONS



With an increasing number of charities and not-for-profit organisations considering mergers and acquisitions, it is important for directors and management to keep governance front of mind. When governance is strong, it can keep your organisation grounded through the changes and uncertainty that will inevitably arise during merger and acquisition activity.

However, with the myriad of factors at play during a transaction and the increased pressures on directors and management, it can be easy for governance considerations to take a back seat or become about ensuring baseline compliance.

The governance considerations in the lead up to a merger or acquisition, during the transition and after everything is completed will be different. Being comfortable and confident in how to distinguish between the pre- and post-merger governance context helps bring strong leadership and in turn helps build the same comfort and confidence in the key stakeholders (often directors, employees and members). This in turn can help make the merger transition and the inevitable change smoother and subject to less dispute and stress.

This article focuses on some key governance considerations in both a pre- and post- merger context, with the aim of enabling readers to engage in merger and acquisition activity with greater confidence and clarity, which can be a key factor in post-merger success.

Initial considerations

Organisations that are registered as charities with the Australian Charities and Not-for-profits Commission (ACNC) have unique governance considerations when deciding whether or not to take part in a merger or acquisition.

When considering merger and acquisition activity, there will obviously be the usual commercial considerations, including regarding financial positioning, cultural alignment and transition and any requisite organisational synergies. However, through a charity governance lens, directors should consider a number of factors, including:

- the purpose and desired outcomes of the transaction, and any resulting shift in the organisation's charitable or not-for-profit purposes;
- whether changes will be required to the current board post-merger (discussed further below);
- what changes, if any, will be required to the organisation's constitution in order to allow for any changes to the composition of the board post-merger; and
- whether there will be any impact on the organisation's tax concessions and endorsements, including how potential negative impacts can be minimised or remedied.

Due diligence

Due diligence is perhaps the single most important part of any pre-merger activity. It enables those involved to better understand the legal, financial and cultural aspects

of the proposed transaction, to identify risks, to develop strategies to mitigate any risks and ultimately decide whether to proceed with the transaction and, if so, on what terms.

As part of the due diligence phase, and throughout the process of the transaction, the directors should be attuned to their duties (including, for registered charities, the duties set out in the ACNC Governance Standards) and the impact that completing the transaction will have on the organisation. In the pre-merger context, each director will need to be satisfied that the transaction is in the best interests of the organisation, and that it will not result in the organisation becoming insolvent (or at risk of insolvency). While directors and senior managers should be firmly focused on the position of their organisation as it currently exists, being alive to transitional and post-merger governance requirements should not be ignored as they will be important when structuring the deal and crafting the transaction documentation.

Composition of the board

As part of focusing on governance, the current directors will likely need to consider the composition of the organisation's board in the post-merger context. This will involve:

- understanding the organisation's governance, leadership and compliance needs in a post-merger context, including considering (where applicable) the post-completion transition, the increased size of the organisation, an understanding of and commitment to the expanded organisation's charitable purposes, the expanded activities and geographical, workplace culture integration and trust within and knowledge of the sector;
- assessing whether the current board has the requisite skills, experience and capacity to meet the identified needs – keeping in mind any pending director retirements and election processes;
- assessing the importance of stability and continuity within the board and the leadership team during the expansion of the organisation's activities and footprint during the implementation of the transaction and post-completion; and
- if there are any gaps in the skills, experience and capacity of the current board take steps to identify individuals who can fill such gaps.

The considerations will be different depending on whether the transaction will result in a single entity post-merger (and thus a single board) or whether it is a bolt on, involving one organisation becoming the subsidiary of

another (in which case the organisation's existing board will remain and the subsidiary will require a board).

Directors must act in the best interests of the organisation they are serving and should not be appointed (or nominated) if they are unable or unwilling to do so or do not have the requisite skills. In most cases, directors should not be 'representatives' of any appointing organisation and instead be responsible for the good governance of the organisation for which they serve as a director (or a parent entity in certain, limited circumstances).

At times, a merger or acquisition may bring with it suggestions of installing a 'transitional board' to the organisation (often a combination of directors from transferring entities). While the organisation may wish to consider the existing directors of the transferring entities when seeking suitable candidates to fill any gaps identified, being an existing director of these transferring entities should not in and of itself be a determining factor. Ultimately, the focus should be on creating the 'best' board for the post-merger organisation.

A board cannot know everything. However, any additional experience, skills and knowledge required by a post-completion board (such as from an operations and/or geographical perspective) may be acquired through transferring management personnel and specifically convened advisory committees for instance.

If the current director election and rotation processes and other governance protocols enshrined within the organisation's constitution are not sufficient to deliver a post-completion board having the skills, experience and capacity required (together with a suitable governance framework for the organisation post-completion) then the constitution will need to be amended.

Conclusion

If the board remains focused on the pursuit of the organisation's purpose and views each element of the transaction life cycle through a lens of good governance (with the organisation's best interests in mind), then the organisation itself should remain well-grounded throughout the transaction process.



Darren Fittler

Partner, Gilbert + Tobin

Darren will join Elizabeth Lathlean to deliver a presentation at 11:00am on Sunday.

5 Critical Steps to Foster a High-Performance Senior Leadership Team

MARIE-CLAIRE ROSS | PERFORMANCE



To continue to grow and solve today's tricky challenges requires organisations to adopt new ways of working, in order to stay relevant. The first place to start is with the C-suite.

Leadership teams are force multipliers. Their collective impact on the long-term success of their organisation is far greater than the CEO alone or even individual contributions by team members. According to McKinsey research¹, leadership teams are so critical because they have much broader and deeper reach than the CEO.

High performing leadership teams rarely develop by accident. Typically, the CEO selects executive team members based on individual performance, not on how each member will interact as an equal group of peers responsible for the entire organisation's strategy and operations. The number one challenge becomes transitioning leaders from their own functional area to an enterprise wide perspective.

As executives model the behaviours that form the organisational culture, any weaknesses within the C-Suite are likely to be amplified and manifested throughout the organisation.

Here are five steps to help you create a high performance executive team.

1. Start with Awareness of Best Practices

Most organisations have deeply embedded processes and habits formed over time where leadership interactions appear fit for purpose. Just like fish don't know they are swimming in water, most CEOs and senior leaders feel that their management team is okay. Stale meetings characterised by poor quality decision-making, conflict

avoidance or highly vocal leaders are tacitly accepted. It takes a courageous CEO or executive to voice their concerns and rectify the situation.

Without a burning platform for change, it's pretty difficult to convince other senior team members to modify leadership team interactions. Savvy leaders need to help their peers reconsider their viewpoint by providing new evidence that shows them persuasively that they're false. This can involve showcasing best-in-class practices from other executive teams, encouraging the team to undertake an assessment followed by in-depth discussions on next steps.

2. Improving Trust with C-Suite Executives

According to Google at Work's seminal study on what makes a high performance team, it doesn't matter so much *who* is on the team, but *how* they interact together.

Trust is the foundational element of all high-performance relationships. Without it, leadership teams don't engage in truth-seeking conversations about performance and behavioural issues. Instead, team members avoid confrontation and defend their viewpoints, rather than listen to others and pass blame. When leaders aren't talking about the difficult stuff, it means they can't fix the really deep challenges that sabotage change.

To sort out trust issues, executive teams must have frank discussions about what trust looks like for the team. This involves producing a 'team purpose' document to outline team best practices in terms of behaviours, expectations, interdependencies and attitudes.

3. Improve Self-Awareness of C-Level Executives

Senior executives bring their expertise and knowledge to their roles, but also their blind spots and biases. Self-awareness is critical for leaders.

Research by Korn-Ferry found that a company's financial performance is related to the level of self-awareness of the leadership team². One key finding was that professionals at poor-performing companies' were 79% more likely to have low overall self-awareness than those at firms with a robust rate on return.

To be a high-performance leadership team requires each team member to willingly look at their own behaviours, seek feedback and make changes.

A great tool for leaders to learn about themselves is by using 360-degree surveys. In our experience, relationships among executives are strengthened when team members strive to understand how others see them and try to do something about it. It is when leaders refuse to believe that their behaviours are detrimental and won't make changes that the most issues are caused in a team.

4. Create a Psychologically Safe Space

Ultimately, how the team functions is a result of how the CEO manages and develops the team. This is an ongoing process that never stops.

Encourage healthy interactions by creating a safe environment where team members know they can be themselves, take risks and make mistakes and they won't get penalised by the group.

CEOs also need to encourage their executives to understand that success is all about the team winning together and not individuals. This means taking a stand against behaviours that work against the team functioning as a high-performance collective.

Furthermore, it requires a humble CEO willing to model the right behaviours by being open to being challenged, admitting mistakes, listening intently and avoiding assuming negative intent.

5. Commit to Growing as a Team

To grow an organisation demands that the people within it are growing as well. In a rapidly changing world, the business landscape is increasingly unpredictable, and lessons of experience can easily put us on the wrong path. We can no longer rely on what we think we know; we have to keep learning and improving, and the best way is for the leadership team to commit to grow together.

This starts with the executives being open to feedback, questioning what worked and what didn't and being open to learning new information. Quarterly strategy retreats are an ideal opportunity for group learning such as new marketplace trends or best leadership practices.

Don't Leave Growth on the Table

The reality is that there is no such thing as a perfect team. In fact, that assumption lies at the heart of what takes a

team down the path of dysfunction.

Without conscious effort by each executive, efforts to work as a collective often fall short. Great teams require commitment, discipline, planning and communication by every leader to help them reach their full potential. Everyone has to agree on how they need to work for the good of the company and stick to their agreement. It doesn't happen by accident or by the CEO pretending it to be so.

The good news is that all teams can experience improvements in their results and effectiveness by improving how team members interact and work together.



Marie-Claire Ross
CEO & Founder,
Trustologie

Marie-Claire is presenting a workshop at 10:45am on Saturday.

¹ <https://www.mckinsey.com/business-functions/organization/our-insights/teamwork-at-the-top>

² <https://www.kornferry.com/press/korn-ferry-institute-study-shows-link-between-self-awareness-and-company-financial-performance>



All A+board?

Implement a governance and risk framework designed specifically for boards and management in your sector.

ionmy.com.au

ionMy | Governance, Risk & Compliance

Good Governance in Remote Australia - It's Closer Than You Think

SALLY CLIFFORD | GOVERNANCE IN REMOTE LOCATIONS



There are remote areas all over Australia, across Western Australia, Queensland, South Australia and NSW; but the Northern Territory classifies as *entirely* remote and very remote.¹

The population of the Territory is small, at around 240,000 people - that's about the size of Wollongong. There are many highly skilled and experienced board members and potential board members in the Northern Territory. However, the small population and high transience of skilled professionals means that ensuring there is the right mix of skill sets (finance, legal, leadership, marketing, fundraising,) as well as member representation, local level knowledge, content expertise and regular board renewal – it's a really big ask for many boards.

About half of our clients are regional and remote non-profit organisations delivering on their mission across Australia, mostly in the Northern Territory. Some are Aboriginal Corporations delivering essential services such as health programs, aged care and disability services and some supporting Outstations and Homelands. Across the Territory, there are also world leading Aboriginal Art Centres. There are land councils, ranger and land management groups, along with domestic and family violence and legal services. We support them through board audits, on-site governance training and inductions and all types of strategic and business planning. While this article doesn't address these specific cultural concerns, many of the issues raised here also affect these remote area corporations.

For Indigenous boards, there are many more layers to consider including the importance of correct cultural and family representation and the demands on community leaders both in their communities and elsewhere.

Recently, we interviewed the volunteer Chair of a remote

area schools association in Central Australia. While the board conducted some of their meetings through Skype or other video conferencing, they still had at least four meetings a year face-to-face in Alice Springs. The Chair lived on a remote cattle station and so she makes a 10-hour round trip to attend a two-hour board meeting. That's commitment to governance!

Like boards all over Australia, many of these organisations struggle to attract and retain enough suitably skilled board members. These organisations also face some extra challenges which require some pragmatic problem solving.

Technology

Using technology to improve access to meetings for board members is quite well utilised and advances in video conferencing have made it much easier. For remote locations, good coverage and being able to participate by smartphone or tablet as well as on computer are really important. Many governance regulatory bodies such as ORIC² now allow for board meetings to be entirely run via telephone or video conferencing or for individual board members to phone in and participate remotely. According to some of our very remote clients in East Arnhem land, there are some good solutions with great connectivity available now through platforms such as Zoom and Blue Jeans.

For many Aboriginal Corporations, their board members are very mobile and often find themselves in other remote communities or town centres such as Darwin, Alice Springs and Katherine. Often, key service bodies or peak organisations in these centres are able to provide access to technology so that board members can connect into a remote area board meeting. The reality of this does require commitment from both the board member, their organisation and the supporting body to make it happen, but this is becoming more of a necessity as the number of community people accessing these town centres for a range of services increases.

A new 'Talent Pool' for remote location boards

What technology enables is opportunities for boards to engage with skilled and available board members located in other parts of Australia, such as capital cities, large regional cities and other remote areas.

Even for Aboriginal Corporations where their Rule Books³ require board members to be from the local tribe or language group, the appointment of an Independent Director could bring an opportunity to engage with skilled professionals who are located elsewhere.

Some of the larger nationally-based non-profits have board members from interstate due to their internal governance structures and this is something smaller, Territory-based organisations may want to consider.

To find this new talent pool, it's essential to advertise board vacancies beyond remote and regional communities and even beyond the Northern Territory. Entities such as the Institute for Community Directors (ourcommunity.com.au), the relevant state and Territory councils of community services (NTCOSS, VCOSS, QCOSS etc.) or the relevant peak volunteer bodies all provide opportunities to post board vacancies. For specific board positions, key sector bodies such as CPA can often unearth keen accountants wanting to broaden their board experience. Starting with the peak body in the sector in which you operate is a great start.

Committing at a Constitution level

When we work with boards on projects to update their Constitution or Rule Book, we are often facilitating a conversation about board diversity, skill sets and participation. We pose questions such as: *"Can we make changes at the Constitution level which will enable maximum engagement, motivation and participation of board members?"* Or, *"How do we ensure our board has the skill set and experience to help us achieve our mission and our current strategy?"*

Some of these changes may be quite ordinary practices, such as limiting the number of years a board member can serve before they need to step down. This keeps the dynamic of the board fresh as well as gives a board member a structured break, and can also be useful if extensive travel is required for meeting attendance. If board members know they have an exit point, this can be really motivating in attracting new potential candidates for appointment to the board.

The Constitution is also the place to name that a certain number of board meetings can take place remotely. Perhaps just two meetings per year can be face to face and all the others via technology. It's important (within the Act of course!) that the Constitution can empower and support good governance not hinder it.

Overcoming obstacles

There are alternatives to just recruiting board members from your local town or community. If someone can drive 10 hours to attend a board meeting, then connecting in three board members via Zoom must be possible. The sustainability of these small to medium non-profits rely so heavily on good board governance that attracting, retaining and growing up new board members has to be a priority to ensure the regional and remote non-profit sector can keep delivering. Remote pragmatism and creative thinking have to be applied in the board room as well as the bush.

¹ According to the Australian Government, Department of Human Services, all of the Northern Territory is classified as a remote area.

² ORIC - Office of the Registrar of Indigenous Corporations regulate the CATSI - Corporations (Aboriginal and Torres Strait Islander) Act 2006.

³ Under the CATSI Act (2006) the Constitution is referred to as The Rule Book.



Sally Clifford
General Manager, Consulting,
Matrix Consulting and Training
Sally is presenting a workshop
at 1:45pm on Saturday.

THE BOARD REVIEW



Is it time to evaluate the performance of your Board?

The Board Review (by Matrix) is a simple, cost effective online tool that offers practical insights into individual and board capabilities, including compliance, governance, risk and strategy

- Your directors complete a 20 minute online survey
- Governance experts from Matrix Consulting review your responses
- You receive a detailed report

AND the option of either a 1 hour phone consultation
OR a half day workshop to develop your Board Development Plan

To celebrate the launch of The Board Review by Matrix,
we are giving away a free survey

To enter and for more information:
www.mobct.com.au/BoardReview

The Board Review (by Matrix) has been developed based on Matrix Consulting's more than 15 years of supporting NFP Boards across Australia

Why You Should Create A Speak Up Culture at Your Organisation

NATHAN LUKER | WHISTLEBLOWING



Creating an environment of trust, safety and transparency is crucial when pursuing a 'speak up culture'. Organisations have much to benefit from this pursuit when their people feel respected and confident to speak up.

The consequences when employees remain silent

Establishing a successful not-for-profit organisation is hard; ensuring its continued success and longevity is even harder. Corporate scandals and wrongdoing have destroyed many large and profitable organisations. History provides no shortage of examples, such as Enron. At its peak in 2001, it generated over USD\$100 billion in revenue and was the poster child of American corporate success. Then in 2002, a massive accounting scandal was uncovered there, and the aftermath of this discovery was nothing short of extraordinary. The share price collapsed from an all-time high of \$90.67 to \$0.67, 22,000 employees were rendered jobless and the partners at Arthur Anderson, the accounting firm in charge of Enron's books, were charged with obstruction of justice in trying to conceal the fraud. Now, Enron is only remembered as a symbol of corporate corruption and fraud.

Financial misconduct is not restricted to the for-profit sector, with the 2014 BDO NFP Fraud Study¹ finding an increase in the average fraud to \$23,000 with collusion of a Board Member present in 31% of cases.

Further to the above examples, we know there is significant underreporting of wrongdoing occurring in workplaces around Australia. This was demonstrated in the 2018 Human Rights Sexual Harassment Survey which found 39% of women and 26% of men have experienced sexual harassment at work with less than one in five people making a report.

Over the last decade, authorities have responded in turn by heavily regulating the industry's most high risk industries to failure of internal processes and procedures, e.g. finance sector following the GFC. At first glance, this may appear like more red tape in a global economy increasingly viewed as being "overregulated". However, progressive organisations recognise the value in creating a culture where employees are encouraged to voice their concerns, opinions and suggestions, and how this gives them a competitive edge as they are better prepared at handling opportunities and potential threats.

Cultivating a speak up culture at your organisation

A study by the Harvard Business Review has shown that the work environment has a significant influence on how employees choose to speak up. The study identified that employees voiced their opinions in two ways: by recognising areas for refining processes at work or by detecting potential threats and behaviour that may comprise the safety and integrity of the entire organisation.

Therefore, if an employee works in an environment where the norm is to detect potential threats or problems, they are more likely to speak out on issues such as breaches of codes of conduct and safety violations.

Nevertheless, employees may still feel uncomfortable voicing their concerns due to fear of reprisals. If one employee observes a colleague facing reprisals due to speaking up, they may be less inclined to speak up themselves. The fear is contagious and erodes any trust in the reporting process. Organisations can manage this risk by being completely open and honest about the reporting process. Identifying and communicating to the employees exactly what to expect and delivering on those expectations will encourage them to speak up. Providing situational awareness to the employee can be impactful

and initially achieved by outlining the entire investigation process in their code of conduct.

A study by the Ethics and Compliance Initiative² showed that around 76% of retaliation occurs within three weeks of a report. It also showed it to be reasonably familiar to see retaliation six months into making the report. It is viewed as best practice that organisations check in with employees periodically who make a report to demonstrate that their concerns are being adequately addressed.

The power of whistleblowing

Appointing an anonymous and independent reporting pathway is a valuable tool in reducing the fear of retaliation.

An independent reporting pathway performs a dual role in that it allows individuals the opportunity to be completely open in voicing their concerns; it also provides a useful barometer as a high number of employees choosing to stay unnamed could indicate a culture of retaliation or fear of reprisals at the organisation.

The 2018 Global Fraud Survey³ conducted by the Association of Fraud Examiners (ACFE) in 2018 revealed that the 40% of fraud detection method came from employee tip offs with the nearest detection method being

internal audit at 15%. Furthermore, organisations that offered a whistleblowing service detected fraud earlier and experienced a lower financial impact than those that did not offer the service.

The immense value that organisations place on trust and communication with customers should be applied to the way they view retaliation monitoring. Just like customers, employees must feel heard and supported.

You can learn more with our comprehensive checklist: <https://www.whistleblowing.com.au/#download-checklist>



Nathan Luker
Chief Executive Officer, Your Call
Nathan is presenting a workshop at 1:45pm on Saturday.

¹ <https://www.bdo.com.au/en-au/insights/surveys/not-for-profit/bdo-not-for-profit-fraud-survey-2014>

² <https://www.ethics.org/knowledge-center/increasing-employee-reporting-free-from-retaliation/>

³ <https://www.acfe.com/report-to-the-nations/2018/>



Strategic discussion & advice
Ideas, information, contacts & resources
For more information please call our team on 03 5429 6331 or visit www.asspl.com.au

Working with the leadership teams (board members, chief executive officers and senior executives) of Not for Profits throughout Australia, the specialist team of ASSPL can provide:

Unique and innovative tools:

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

Facilitation and strategic advice for:

- Governance/Board Workshops, Events and Projects
- Strategy and Transformation Projects
- Director & Executive Professional Development
- Organisational Development Projects

AUSTRALIAN STRATEGIC SERVICES

Take Action

YOUR IDEAS AND ACTIONS



NOTES	TAKEAWAYS	ACTIONS

Better Boards Conference 2020 Information

If you have a paper you would like to present at the Better Boards Conference 2020, 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

The views and opinions expressed in this publication and conference program 2019 are those of the authors/presenters and do not necessarily reflect the views or opinions of Better Boards or its employees and partners. Please contact the specific author/presenter if you have any questions or would like further information.

Every effort has been made to ensure information in the program is correct at the time of publishing. This publication was produced by Better Boards. No part of this publication may be reproduced or copied for commercial purposes without written permission from Better Boards and the author of any article in question.

OurCatHerder.com

The board portal for
purpose-driven
organisations



Save time & money

- Agendas & Minutes
- Automated follow-up action prompter
- Facebook-style noticeboard
- Documents store access 24/7

Free trial available

Visit www.ourcatherder.com



**better
boards**[®]

Distributed at the Better Boards Conference.
Brisbane Convention and Exhibition Centre
1-4 August 2019

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

www.betterboards.net