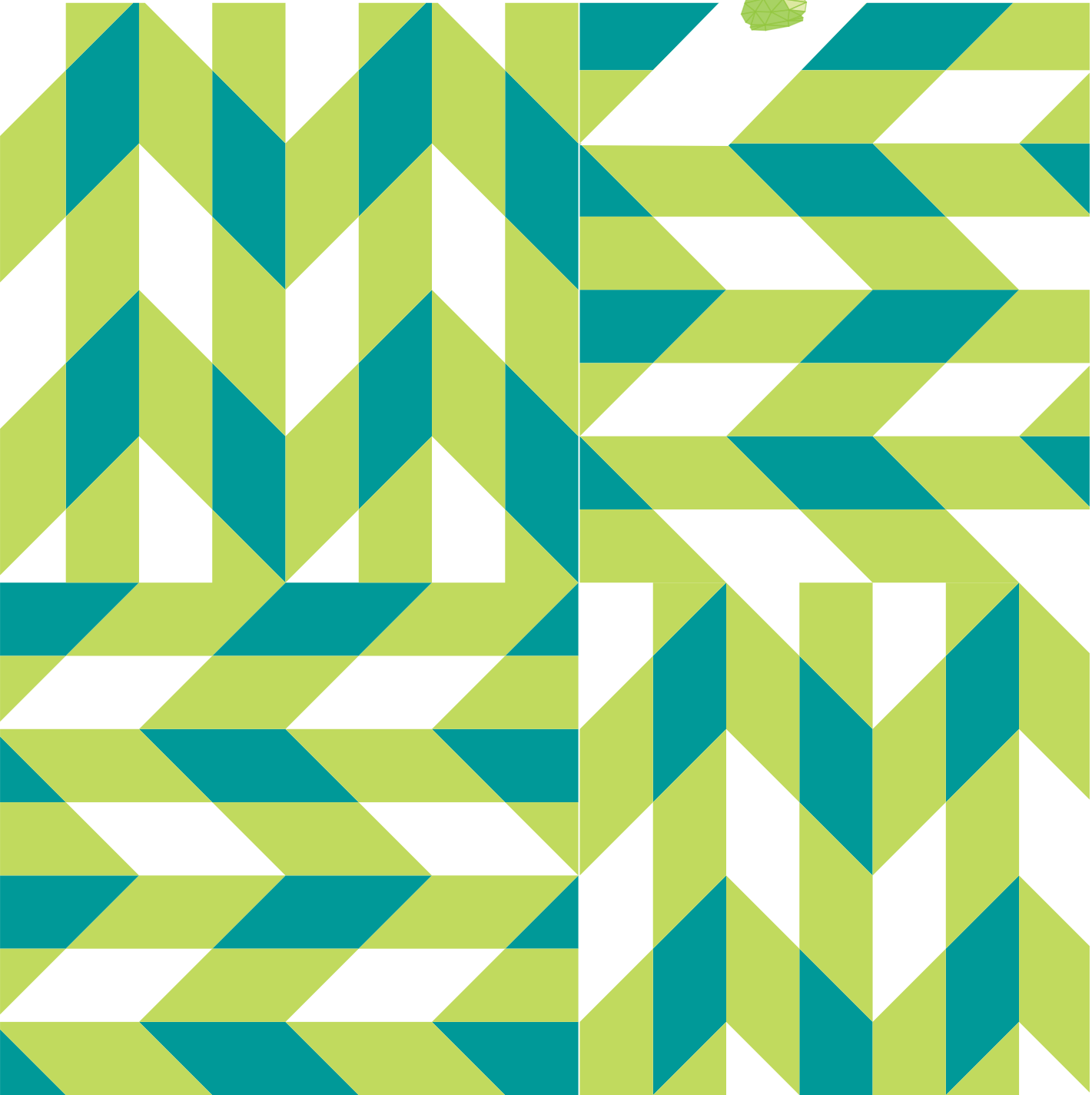


**better  
boards**  
*conference 2023*

BRISBANE ► 2-3 JUNE



# Better Boards Conference 2023

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# Welcome Message



Welcome to this year's Better Boards Conference in Brisbane.

This year's theme **Forging Strategic Pathways** provides for yet another insightful and thought provoking event, and given your organisation's industry or sectors current and emerging customer, market, competitor and government drivers, forces and trends, this year's conference title couldn't be any more apt or relevant.

So many organisations are under such incredible pressures, including workforce attraction and retention, funding and finance, and government driven industry reforms. In this context enhancing your understanding, knowledge and practical application of how to forge a strategic pathway is now more vital than ever.

This year's theme not only sets the scene for keynote speakers and presenters, but most importantly allows participants time to pause, reflect and to strengthen their governance, leadership or management strategic capabilities and capacities.

As always, this year's Better Boards Conference delivers an excellent line up of pre-eminent speakers and pragmatic presenters, drawn from across Australia and New Zealand; all of whom will be squarely focused on various aspects of envisioning a future and scenarios and risks as well as strategy development, implementation and reporting.

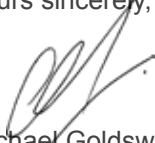
Hearing from and interacting with other directors, executives, managers, academics and consultants about their insights and learnings, processes and tools will significantly strengthen your understanding and knowledge of strategic, business and organisational planning.

There is no doubt that boards, chief executive officers and executives, the leadership teams of community businesses (NFPs), are increasingly focused on undertaking the necessary strategic thinking, strategic discussions and strategic decisions that will deliver agreement on their organisation's, strategic intent, strategic direction and strategic destiny, with the aim of ensuring the future success and sustainability of their organisation into the future.

I encourage you to embrace this opportunity to gain new ideas, build networks and catch up with past conference contacts.

So, wherever you are from either nationally or internationally, I bid you a very warm welcome, and I am confident this year's conference will enable you to fly the strategy helicopter, and provide you with the time to reflect upon your board's, chief executive's and executive's or manager's approach to **Forging Strategic Pathways**.

Yours sincerely,



Michael Goldsworthy  
Chairman  
Better Boards Conference

# Program Day One

## FRIDAY 2ND JUNE




**Michael Goldsworthy**  
Principal Consultant, Australian Strategic Services  
**8:45am Welcome from the Conference Chair**

### 9.00am Segment 1: Sector Directions, Drivers



**Dr Stefan Hajkowicz**  
Senior Principal Scientist - Strategy And Foresight, CSIRO  
**Global megatrends**



**Professor Marek Kowalkiewicz**  **the university for the real world**  
Chair in Digital Economy, QUT  
**The economy of algorithms**  
Supported by QUT's ACPNS, the Conference Academic Partner.



**Dr Samuel Wilson**  
Associate Professor of Leadership,  
Swinburne Business School  
**Leadership in the Australian Charity Sector**

### 10:45am Morning Tea

### 11.15am Segment 2: Sector Trends, Industry Responses



**Liz Forsyth**  
CEO, Disability and Aged Care  
**APM Group**



**Dr Vanda Fortunato**  
Chairperson  
**Southern Metropolitan Cemeteries Trust**



**Andrew Drysdale**  
Chair of the Board  
**Desert Channels Group**

### 12:30pm Lunch

### 1:30pm Segment 3: Concurrent Workshops

A



**Felicity Green**  
Co-founder and Director, Ensemble Strategy  
**Taking off the blinkers – how to forge collective strategies to change the playing field**



**Neil Pharaoh**  
Director, Tanck Pty Ltd  
**What is your board's role in Government Relations? Lessons, learnings and tools for success**

B



**Michael Goldsworthy (with Aaron Goldsworthy)**  
Managing Director, Australian Strategic Services  
**The principles and processes, documents and tools of a contemporary strategic planning system**



**Rinske Geerlings**  
Managing Director, Business As Usual  
**Seven Reasons Why your Disaster Plan is a Disaster**

C



**Steven Bowman**  
Managing Director, Conscious Governance  
**Creating a Strategic Board Agenda to Focus the Board**



**Lindsay Stanford**  
Founder and Principal, Blakworks  
**Aboriginal employment: It's not charity, it's strategy**

### 3:45pm Afternoon Tea

### 4:15pm Segment 4: Strategic Focus



**Ron Scott**  
Director, Stellaris  
**"What's after SWOT?": Making strategic planning relevant**



**Phil Preston**  
Founder, The Business Purpose Project  
**Clarity of Purpose is Critical for Strategic Change**

### 5:00pm Networking Function with Russell Kennedy Lawyers



Networking and refreshment for leaders of NFP organisations, brought to you in partnership with Russell Kennedy Lawyers.

## 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!

## FULL SPEAKER DETAILS

Full speaker bios are available by clicking the speaker's name or presentation title at: <https://betterboards.net/conference/program>

## Q&A Login Details

Go to: <https://pigeonhole.at>

Event passcode: **BBC23**

Tap on the session name to enter the session Q&A.

Type your question into the box provided.

Vote for your favourite questions!



# Program Day Two

## SATURDAY 3RD JUNE



### 9:00am Segment 1: Legal Updates for Directors

A panel of legal experts join us to discuss key recent and pending updates that may impact directors of NFP organisations.

#### Topics include:

New ATO Income Tax Self Assessment Regime

Workplace Reforms

Related Party Transactions

Privacy Act Review report

### 10:45am Morning Tea

### 11:15pm Segment 3: Concurrent Workshops

A



**Jonathan Teh** (with Felicity Iredale)  
Principal, Russell Kennedy Lawyers  
**Forging Strategic Collaborations: Legal tips on consortiums and joint ventures**



**Liz Mackinlay**  
CEO, Australian Business Volunteers  
**Culture, Collaboration and Transparency is key to Good Governance**

B



**Elise Sernik**  
CEO, Leadership Space  
**Bringing the lens of the 'Anablep' to your Strategic Planning**



**Bruce Lanyon**  
Senior Vice President,  
Morgan Stanley Wealth Management  
**The Investments Question**

C



**Melinda Fleming** (with William Newell, Chair)  
Chief Executive Officer, Victims of Crime NT  
**Striving for Strategic and Operational Congruence - A Values Approach**



**David Bartlett**  
Partner, Resolve  
**Agile Strategic Planning - what it is and how to do it**

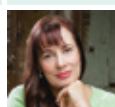
### 1:30pm Lunch

### 2:30pm Segment 3: Preparing for Strategic Success



**Vera Visevic**  
Partner, Mills Oakley  
**Strategy – is it really that difficult?**

### 3:00pm



**Julie Garland McLellan**  
CEO, The Director's Dilemma  
**How to help your board 'be strategic'**

### 4:00pm Conference Close

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# The Secret Ingredient to Great Not-for-Profit Strategy

FELICITY GREEN AND ELENA MOGILEVSKI | THEORY OF CHANGE



**Strategic planning for the not-for-profit sector is vastly different from planning for the private sector. Many board directors of not-for-profit organisations are volunteers with a background in corporate or private enterprise, and the difference between strategies in the sectors can sometimes be challenging to navigate.**

It is imperative to understand, however, that the north star to guide social sector strategy development is not simply shareholder value, but rather an often complex combination of outcomes that drive positive impact for those that the organisation exists to serve. Accordingly, the way to approach strategic planning in the not-for-profit sector cannot be a carbon copy of processes and frameworks used in the private sector. Having assisted hundreds of not-for-profit organisations to develop impact-led strategy, we argue that a critical component to strategy formulation for this sector is to ensure that there is a clearly articulated *theory of change*.

Great strategy is often developed through an iterative, emergent process. Crystalising your hypothesis for change at the beginning, through a theory of change, is an incredibly useful umbrella to guide the entire process.

At Ensemble Strategy, we have developed a bespoke framework called SENSE (because it's all about sense-making!) to develop not-for-profit strategy. A summary of the stages are as follows:

- 1. Scope:** understand what success looks like, gather background desk-based information to review and conduct research into the competitive and comparative landscapes.
- 2. Engage:** listen before making decisions. Interviews, workshops, focus groups, surveys etc. are the mechanisms by which you can probe into perspectives as to what value do you provide to whom and why you? Here is the opportune time to develop a theory of change if you do not already have one.

- 3. Navigate:** this phase focuses on drawing patterns, synthesising the insights to date into meaningful communications for the board.

- 4. Shape:** the crux of strategy formulation occurs when directors to come together and contest the critical components of the strategy, such as vision/ mission/ purpose, whether the strategy is one of growth or consolidation, and what the key areas of focus for the coming period should be.

- 5. Execute:** this final phase is where the draft strategic direction is tested against different scenarios. The details are fleshed out, and measures (which should be guided by, and align to your theory of change) are developed, so that the board can confidently govern strategically as the plan is enacted.

Organisational strategy and impact measurement frameworks underpinned by a theory of change go hand in hand. Applying a theory of change methodology to test concepts in the strategy can ensure that all organisational activities are focused on creation of desired impact.

It is worth noting that there is an increasing interest by funders including government and philanthropy in measuring the impact their investments are creating. It is no longer enough to report only on the number of people your organisation has worked with, the number of trees

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*Funders are increasingly requesting to see the change your organisation is creating for your beneficiaries and how you document the evidence that this change has occurred.*

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planted, or workshops delivered. Funders are increasingly requesting to see the change your organisation is creating for your beneficiaries and how you document the evidence that this change has occurred. Organisations that are not deliberate in articulating and measuring their impact are at an increasing risk of being less competitive in their search for funding.

**Figure 1: Example organisational Theory of Change**



#### EMPLOYMENT ORGANISATION

**Leading to** better economic outcomes for individuals and families.

**So that** they will be more successful in their search for paid employment.

**We will** help people create a good impression at job interviews.

**If we do** provide work clothes for those unable to afford them.

Now that we've made the case for a theory of change, let's demystify what it actually is, namely, a tool that is commonly used by organisations to comprehensively describe and illustrate how and why a desired change is expected to happen in a particular context. There are many versions of this tool and the terminology used could sometimes be confusing. In simple terms, a theory of change articulates the "missing middle" between what your organisation does and how your work contributes to the solution of the problem you are seeking to address.

Ideally a theory of change is a one-page visual diagram which details your programs and activities, outputs of your activities, outcomes you are hoping to achieve from your activities and the ultimate impact you are hoping to create. The diagram above is a simplified example of how an organisation that is seeking to improve employment outcomes for disadvantaged people might structure their theory of change.

The main challenge most organisations experience in developing their theory of change is differentiating between their outputs and outcomes. Distributing work attire to an individual might not change anything in that person's life. The outcomes we would be looking for in this example is that the beneficiaries feel more confident and are able to attend an interview because they have appropriate clothes. The desired change we would want to measure is whether participants have moved from a place where they are not going for jobs at all to attending interviews and hopefully getting a job.

Note from this example that what is typically measured is outcomes rather than impact. This is done in recognition of the fact that it is extremely hard to create credible linkages between your activities to something as far reaching as better economic outcomes for individuals and families. Many factors, including education, health and broader economic environment will play a role, most of those factors are likely to be beyond our sphere of control. Having said that, what our imaginary organization can

measure is how many people they assisted, how many of those got a job, whether their income and wellbeing has increased. In a nutshell, a theory of change is about creating a credible story about why your interventions work and collecting evidence that they do.

If you are a director of a not-for-profit organisation, we encourage you to:

- Ask whether your organisation has a current theory of change. These are great induction tools for new directors, and a good source to keep returning to in board conversations to ensure that discussions are strategic.
- When developing your next strategic plan, revisit the theory of change- is it still applicable, does it need to be updated or amended considering changes in the internal or external environment?
- Ensure the theory of change is meaningfully integrated into your strategy, and not just sitting aside as a standalone artefact e.g., are the measures of success that board members are tracking against the strategy aligned with the theory of change?

One of the great privileges of being a board member is the custodial role of the organisation's strategy. Integrating theory of change into your strategic planning will assist you to undertake this important role, and ultimately help to create a safer, fairer, more sustainable world. Because that's the whole point of not-for-profit strategy in the end.



**Felicity Green**  
*Co-founder and Director,  
Ensemble Strategy*

Felicity is presenting a session on strategic thinking.

# How Do Australians View the Leadership and Governance of the Charity Sector?

SAM WILSON AND CARMEL MOLLOY | GOVERNMENT ENGAGEMENT



**Charities are at the heart of social ecosystems and play a vital role in building and sustaining flourishing communities. Yet, charities face several interlocking challenges that have only become more complex in a post-pandemic environment.**

In this context, charities are grappling with increased demand for services, financial sustainability, increasing job complexity, a declining volunteer workforce and the need to re-establish relationships with donors, all in the context of sustained impacts on the mental health, well-being and resilience of charity employees and leaders.

Ultimately, addressing these challenges is the work of leadership and governance, requiring charity leaders to jointly orchestrate and create the enabling conditions to address these issues while sustaining the community goodwill and the social license to operate that charities have historically enjoyed.

What, then, is the current state of public perceptions of leadership in Australia's charity sector? How does the charity sector compare to other institutions in the public, private and not-for-profit sectors, and what are the types of things that charity leaders can do to sustain public trust and confidence in charities?

The Australian Leadership Index<sup>1</sup>—Australia's largest study of leadership for the public interest—recently published its inaugural report of public perceptions of leadership in the charity sector.<sup>2</sup> This report shows how the public views the integrity, contribution, competence and leadership of the charity sector, revealing how the sector compares with national benchmarks, and offering fresh insights into the types of things that charity leaders can do to foster public trust in the sector.

**Charities are squarely located in the 'golden quadrant'**

Charities are among a handful of institutions that are positioned in the 'golden quadrant'. Institutions in the golden quadrant are viewed as having good intentions and the ability to enact these intentions; both major drivers of public trust.

Notably, this pattern of results suggests that Australians look to institutions like charities to speak for and protect the public interest. This contrasts markedly with how the public views government institutions, which are seen to lack integrity and competence.

**Charities outperform national benchmarks on all leadership metrics**

The public has highly favourable perceptions of charity leadership. Not only are charities seen as showing strong leadership overall, but they are seen as performing exceptionally well in terms of leadership that supports the long-term well-being of the general public.

Since the inception of the Australian Leadership Index, charities have been among the strongest performers in terms of public perceptions of leadership for the greater good. These results affirm the status of charities, in the public mind, as among the stewards of the common good in Australia.

**Charities show us what public integrity looks like**

Integrity comprises several themes, such as ethics, transparency, responsibility and honest, genuine intentions. Charities perform above the national benchmark on all indicators of public integrity, especially perceived care for the community and genuine motives, which underpin public trust. Overall, these results suggest that Australians look to charities to care for the community and act in the best interests of society.



In terms of areas where there may be room to improve, the social licence of the charity sector—as indexed by its perceived legitimacy, reliability, credibility and trustworthiness—may warrant some attention.

### Contribution

Contribution refers to judgements about contribution to financial outcomes, societal welfare, environment, and several other factors. Despite their challenges, charities continue to be seen by Australians as making important contributions to public value. Charities perform well above the national benchmark in terms of their contributions to the social dimensions of the public interest; namely, advancing the health, welfare and well-being of society.

However, a significant gap exists for technological innovation, with charities lagging the national benchmark. This is the only metric that charities are not essentially equal to or well above the national benchmarks of the Australian Leadership Index.

### Competence

Competence comprises several themes, such as purpose, skill, efficiency, value creation, and several other factors. Charities perform above the national benchmark for competence, but its performance is more modest compared to the charity sector's strong performance on integrity and contribution.

*In the public mind, the charity sector's strengths are its clear purpose and vision for the future.*

In the public mind, the charity sector's strengths are its clear purpose and vision for the future. Other strengths include citizen engagement, governance and responsiveness to social needs. Presently, the public may be unsure of how charities create value for their stakeholders, which may present development opportunities for charities in 2023.

### What 'drives' public perceptions of charity leadership?

In addition to using integrity, competence and contribution metrics to assess perceptions of the charity sector overall, these metrics can also be used to glean insights into the role these factors play in explaining public perceptions of charity leadership for the greater good.

Notably, the results reveal that although good intentions matter (integrity), the most important drivers of public perceptions of charity leadership are the ability to enact these good intentions (competence) and the outcomes of these actions (contribution).

### References:

1. <https://www.australianleadershipindex.org/>
2. <https://apo.org.au/node/321343>

### Why these results matter to the charity sector

Overall, these results demonstrate that charities are widely regarded as among the stewards of the public interest and as demonstrating strong leadership for the greater good. This is especially apparent when charities are compared with national leadership benchmarks. In the context of not-for-profit institutions, charities are practically in a league of their own.

Our results reveal that only higher education institutions enjoy comparable social esteem. Charities are also one of only two not-for-profit institutions in the 'golden quadrant', which testifies to the high regard in which charities are held by Australians.

As a sector that relies so heavily on public support, these findings are of strategic importance. Unsurprisingly, the charity sector is viewed as one of high integrity that provides significant value to Australian communities and performs strongly on all drivers of leadership overall.

However, this report also indicates that they perform significantly below the national standard on public perceptions of technological leadership and innovation and at the national benchmark in terms financial contribution, creation of employment opportunities, and generation of value for their stakeholders. There is great scope for the sector to improve on these perceptions to ensure we attract the best workforce and supporter base in the future.

In addition to addressing the issues identified above, there are a host of things that charity leaders can do, individually and collectively, to sustain and enhance public perceptions of the sector's integrity, contribution, competence, and leadership. These range from better communicating the good intentions and civic purpose of charities to ensuring that the impact of charities is detectable so that citizens and stakeholders alike can better appreciate the value created.



**Dr Sam Wilson**  
*Associate Professor of Leadership,  
Swinburne Business School*  
Sam will present a session on  
how charities are performing.

*Carmel Molloy, CEO and Co-Founder at The NonProfit Alliance provided perspectives and insights for inclusion in Sam's presentation.*

# Top-10 Business Continuity Tips That Won't Break the Bank

RINSKE GEERLINGS | BUSINESS CONTINUITY

**Whether it's better preparedness for impacts on your workforce, a critical vendor, your ICT systems or access to buildings and other physical assets, consider the good practices listed below – no matter how large or small your organisation is, and whether it's an NFP, Government agency or commercial business.**

## 1) Who's the boss?

Who is in charge in the event of an incident? Build a team with 'rotating chiefs' to make key decisions and nominate alternates to step in when primary members aren't immediately available (or fatigued). Ensure the team is efficient in its crisis response, encourage its members to think 'outside the box' and ensure they are open to completely changing business direction, if necessary.

## 2) Keep a contact directory

Ensure all contact details are available and accessible – including internal and external stakeholders' details such as staff, suppliers, customers, media and next-of-kin. Store various contacts (e.g. work and personal email and mobile details) in several forms (e.g. cloud, pre-populated SIM cards, hard copy and/or USB/thumb drive). Ensure appropriate security and suitable continuity options in case some platforms are out of operation.

## 3) Prioritise

What are your key, time-critical services and activities that absolutely cannot wait? Prioritise your most valuable customers and focus on recovering their critical services first.

## 4) Don't have all your eggs in one basket

Have multiple supplier arrangements in place. Having your 'eggs in multiple baskets' in the form of various ongoing vendors of key services such as data/voice communication, maintenance, consumables and medical services may reduce economies of scale in your day-to-day business, but does allow for that badly needed 'quick switch-over' in case one supplier is down.

## 5) Are your key people multi-skilled?

Ensure your staff are trained and equipped take on various roles in the event of sudden illness or resignation, particularly if you don't have extra employees on hand for every key role. Job rotation on a regular 'practice' basis can also be an excellent way to enhance cross-departmental understanding and overall corporate culture.

## 6) Build plan b (and c!) Including manual options

Well-prepared and well-tested manual work-arounds could assist you, at least temporarily, in case of an unexpected business disruption. Apart from working from home or a dedicated alternate location, consider utilising a virtual/shared workspace or hotel as an affordable continuity solution – at least for your team of

decision-makers. Set-up a reciprocal arrangement with a business that has similar requirements to yours. Ensure IT, phone, supplier deliveries and other services can be diverted from a remote location and be sure to have the necessary passwords and contact details at hand.

Use a smart, best-practice BCP documentation format including pocket guides. During an incident, typically the last thing that people do is work through a 200-page plan (which generally is out of date to some degree, meaning those activating the BCP and needing it most, don't actually trust its contents).

## 7) Train your team and take the plan for a test drive

Training and exercising your BCP go hand-in-hand. Most decision-makers and staff learn best by actual experience, and practicing the plan based on various disruption scenarios reduces the chance of panic in the event of an actual incident. Additionally webinar-style training supported by quizzes and other interactive elements assist in induction programmes.

## 8) Stay one step ahead

Be proactive and notify customers, suppliers, the community, press and other stakeholders before they find out through trial and error that your services are delayed or fully disrupted. Avoid unnecessary stress by negotiating delayed payment terms with suppliers, banks, the landlord and/or the tax office, to buy some time and breathing space in the initial stages of an incident.

## 9) Recognise your weaknesses

On the preventative side, conduct a gap analysis or benchmarking exercise (or ask an independent party to do so). Understand and mitigate your weaknesses, whether it be vulnerability to a cyber-attack, key staff unavailability or critical dependency on a facility, and agree on an action plan to bridge them – rather than over-promising and/or keeping your fingers crossed that you won't ever experience an incident.

## 10) Cover yourself for what's beyond your powers

Consider taking out insurance where specifically needed to bridge the final gaps – and where particularly relevant to your business. Apart from insuring for fire, general property, glass, accidental damage, money, liability, burglary, goods in transit, tax audit, equipment breakdown and fraud, also consider 'key person' insurance and 'business interruption' insurance as a last resort - but be aware this only assists you financially. A BCP is still required to actually keep key services operational and to provide confidence to your stakeholders.



**Rinske Geerlings**  
**Managing Director,**  
**Business As Usual**

Rinske is presenting a session on good practices for Disaster Plans.



Russell Kennedy is a leading provider of legal services to the social and community services sector across Australia, with offices in Melbourne and Sydney.

With more than 36 years' experience we are trusted by our clients. Our commitment to this sector is demonstrated by our longstanding relationship with Better Boards.

We provide a full range of legal services from not-for-profit governance to amalgamations, from regulatory compliance through to employment law, from contracts to disputes, and everything in between.

Our clients include providers in health, disability, aged care, education and social welfare.

Russell Kennedy's strength and ongoing success comes from our commitment to our not-for-profit clients and taking the time to understand their needs.

Our team enjoys making a difference: assisting our not-for-profit clients to support their communities.



# Navigating NFP Mergers: A Transfer of Business or Control?

JONATHAN TEH, FELICITY IREDALE & EMMA JACOBS | MERGERS



**Mergers between not-for-profit (NFP) organisations are becoming increasingly common due to the current challenging economic and regulatory landscape. For some, it can provide an opportunity to better serve communities. For others, it's the sole option for survival.**

Structuring a merger to suit the needs of the organisation is paramount. Merger implementation can have significant consequences for the entities involved, such as tax or funding implications. This article explores what a NFP merger is, the most common options to structure a merger and some tips and tricks to set your merger up for success.

## What is a NFP merger?

A NFP merger is when two NFP entities unite to form one NFP entity for the benefit of their members, service users or community. This is sometimes also called an amalgamation.

### Merger Agreement



NFP mergers can take various forms. The two most common structures are:

1. NFP A assuming or acquiring the business and assets of NFP B, known as a business transfer; or
2. NFP A taking control of NFP B, either at the board level or by creating a parent/subsidiary structure.

Whether these options are best for your NFP will depend on a number of factors, including:

- the regulatory landscape;
- the time and resources you have available; and
- the key drivers for pursuing the merger.

## Option 1: Business transfer

Under a business transfer, the business, assets, liabilities and operations of NFP B are rolled into NFP A. NFP A effectively takes over the business of NFP B.



The main advantage of a business transfer is that NFP A can choose to leave certain liabilities with NFP B.

As it will have no or limited assets after the transfer, NFP B will generally wind up or voluntarily de-register shortly after completing the merger.

*Some issues you should consider prior to undertaking a business transfer include:*

- whether the members will approve a transfer.
  - You should consider whether member approval is required. This may depend on your constitution and establishing legislation. Sometimes, approval is required. Other times, it is advisable as the members always have the power to remove the board if they are not happy with the board's decision.
- If the registrations and tax concessions of NFP A and NFP B align.
  - If NFP B has registrations that NFP A does not, NFP A will need to obtain those registrations before the transfer takes place.
- What regulator approvals or processes need to be met.
  - This can include departmental approvals, for example aged care transfers.
- If any funders, financiers or third parties need to approve the transfer.

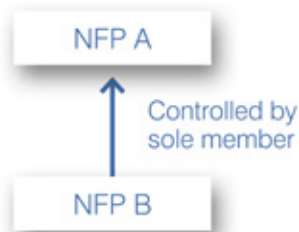
*However, there are some drawbacks, such as the following:*

- A business transfer involves significantly more work and is more time consuming than Option 2. Why? Because more work is required to transfer each element of the business. Merger agreements are required to document the transaction. There are practical aspects, such as employment offers, assignment/novations of existing contracts and leases. A transfer of assets take time.
- Regulatory setbacks can delay or prevent the transfer taking place, such as registrations not aligning, government approvals not being granted and restrictions on transfer of assets purchased using government funding.



## Option 2: Change of control

A change of control maintains the existence of both NFPs by allowing NFP B to continue to operate as a separate legal entity.



This can be done in a couple of ways, either by NFP A taking control of NFP B at the board level or by amending NFP B's membership so that it becomes a wholly owned subsidiary of NFP A. The result is that NFP A controls NFP B, including its business, assets and operations.

Taking control at the board level can be implemented very quickly. The board of NFP B can resign with persons nominated by NFP A to take their place. However, this might not be a viable long-term structure. It is more complex to have two NFPs, even with group reporting. NFP B might ultimately need its business consolidated with NFP A, by implementing a form of Option 1 at a later date.

Unlike a business transfer, this merger structure usually requires member approval. Member approval can be framed in various ways, such as voluntary resignation of members or by amending the Constitution.

*Some issues to consider prior to undertaking a change of control include:*

- If NFP B's membership are likely to agree.
  - NFP B will likely need to engage in member consultation.
- If NFP B receives government funding, whether it is required to seek pre-approval or notify the government of a change in control.
- If any funders, financiers or third parties need to pre-approve the change of control.

*Some key advantages to this structure include:*

- It is a much quicker process than a business transfer as it does not require the same level of documentation.
- NFP B is able to continue its operations without service delivery and staff being disrupted by a business transfer.
- NFP B can maintain any registrations, regulatory approvals and tax exemptions it receives.

- Fewer obligations to consult, negotiate and seek government funder approvals e.g. no need to assign or novate any existing funding agreements.

### *Drawback of this approach*

The main drawback to a subsidiary transfer is that the liabilities remain with NFP B despite NFP A having control of its business and operations. The entities will also need to work within any relevant related party regime, such as the one imposed by the Australian Charities and Not-for-profits Commission.

### Warning Signs

Prior to undertaking any sort of merger and regardless of which option is right for your organisation, NFPs should consider the following warning signs:

- Inability to articulate a case for merging
- Inability to design a merged Board
- Inability to design senior management structure and CEO transitions
- Challenging negotiations

An adversarial approach to any of the above warning signs may be indicative of a poor cultural fit.

### Tips for Success

The following tips are essential to ensuring a successful merger, these are:

- Allowing sufficient time to implement the merger regardless of whether you choose a business transfer or change of control e.g. 4-12 months
- Getting advisors involved from the beginning of the process
- Ensuring strong communication between all parties involved
- Pro-actively identify and address problems raised by aggrieved members, staff, board members or the public.



**Jonathan Teh, Principal & Felicity Iredale, Senior Associate at Russell Kennedy Lawyers**  
Jonathan and Felicity are presenting a session on strategic collaboration.

*Russell Kennedy Lawyers is the Conference Networking Function Partner.*

### Disclaimer:

This article is general commentary. It is not legal advice. If you need specific advice on the topics discussed, please contact the authors. This article must not be reproduced or disseminated without prior written approval from Russell Kennedy.

# Building Bridges: The Importance of Government Engagement for Board Directors

NEIL PHARAOH | GOVERNMENT ENGAGEMENT



**Amongst finance, risk, strategy, oversight, compliance and share/stake holders, board directors could be forgiven for thinking engaging with government is an afterthought. Yet government engagement is one of the few areas that crosses over every single board director's responsibility and should be an agenda item on every board meeting.**

Government engagement is a catch all term we started using almost a decade ago because we felt that terms like lobbying, advocacy and campaigning didn't quite capture the importance, nuance and detail required to ensure government is aligned to your organisation. Since then, we have seen many organisations shift their language, and recognise the importance of an "entire board" and "entire organisation" approach to working with government.

Organisations typically work with government for two primary reasons:

- They want money, funding for projects or commercial agreement with government;
- There is regulatory, legislative, compliance or other rules that they seek to change, adjust or revise – to either benefit them, or disadvantage competitors in the marketplace.

Beyond these main reasons are dozens of smaller, but equally important reasons. Everything from promotion and marketing, endorsement, profile, positioning, and validation—through to wanting to shift the dial on a

policy issue or make significant change in our community. Whatever your specific reason, every business is impacted by government – which makes up over one quarter of the economy, and regulates every single activity a business undertakes in one way or another.

Boards therefore have a curious balance around government engagement – it is the only operational role which crosses every single legal and governance role of the board.

*What monitoring do we have in places for early warnings on policy, regulatory or legislative settings?*

So, let's dive into the various area of board responsibilities and some of the questions you should be asking around government engagement.

**Financial** – what percentage of revenue or margin of our business is dependent on government spending, directly and indirectly? What timeframes, management arrangements and oversight do we have on government contracts, agreements and similar? How does the board assure delivery and outcomes, or reduce dependencies in this space?

**Risk** – what role would regulatory changes have on our organisation? What monitoring do we have in places for early warnings on policy, regulatory or legislative settings? Do we proactively engage in shaping changes, or position defensively?

**Strategy** – how dependent on government and

government decisions are we around our strategy? Did we consider their actions, election cycles and political views on the viability of our strategy? How do we continue to assess strategy with changing government environments?

*...how dependent on government and government decisions are we around our strategy?*

**Oversight** – what amount of time, talent or resources do we allocate towards engagement with government? Do we have relationship management plans in place? Do we spend and invest as much time as a percentage for government funding as we do other sources (salespeople, philanthropic, fundraising etc)? What reporting would we like from management on our organisation's position with governments?

*....what amount of time, talent or resources do we allocate towards engagement with government?*

**Compliance** – do we map every piece of regulation and legislation which impacts and regulates our work and report it periodically to the board? Do we monitor when we are operating outside certain compliance areas (from workplace safety to environmental emissions)? Is each board director aware of every regulation and legislation which governs all elements of our work? How can you ensure compliance or management?

Shareholder and stakeholders – is government one of these? If so, how? What is our management process? What about escalations? What if a client has an issue and raises with government, how would we respond? When does the board get notified?

A board member's role encompasses all of these questions and more, so government engagement should be a standing agenda item for every board meeting – and you should be very concerned if the organisation you are on the board for doesn't have much to report under this agenda topic.

It is critical for boards to be forward thinking as well. What policy and regulatory changes may you want to see, or want to defend on? How will this shape your organisation or business into the future?

A number of years ago we developed a framework for

boards to do just this, capture and understand their role in government. The framework has four parts:

- **Strategic** – what do you want from government, how does government impact your organisation?
- **Tactical** – how do you interact and engage with government now, and into the future?
- **Problem** – what government problems do you cause or solve, and how do you articulate that?
- **Solution** – what government solutions can you provide, develop or assist with and how do you talk about them?

While a simple four step process, including this as part of your board and strategy process is key to starting your journey around government engagement at board level. Thinking ahead as to what you may wish for from government (at all levels) across a number of quantum and timeframes is also invaluable.

Government engagement is critical for other areas of your board responsibilities as well.

Reputation management is one such example, where government engagement can help organisations manage their reputation and build trust with stakeholders. Engaging with government in this sense demonstrates an organisational commitment to responsible business practices and can help build positive regulatory relationships.

Government can also be an accelerator for innovation for boards, by working with them to shape policies and regulations, organisations can help create an environment which fosters and supports innovation, while driving competitiveness and de-risking major projects or activities.

Government is also the vehicle for many organisations, especially social purpose organisations, to grow and expand - bringing capital, capabilities, insights, data and focus to wide issues and problems, which any one organisation or business could not solve.

So, it is definitely time to remove government relations as a board director afterthought, as you may be breaching your finances, risk, strategy, oversight, compliance and share/stake holder obligations if you do.



**Neil Pharaoh**  
*Co-founder and Director of Tanck*

Neil is presenting a session on government engagement.



# What's before SWOT

RON SCOTT | PREPARING FOR STRATEGIC PLANNING

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**There is a story about the tourist who stopped a local resident to ask directions. “Well, I wouldn’t start from here if I was going there” was the less than useful advice.**

**Just like the tourist, you have to recognise where you are and get to a good starting point before setting out on your strategic journey.**

Most readers will be familiar with SWOT analysis. As a reminder, SWOT is about identifying the Strengths, Weaknesses, Opportunities and Threats around your business.

SWOT is designed to represent the current state of the organisation. It should be a useful tool to help identify the gap between the organisational vision and the strategy to achieve it. Strengths and Weaknesses are from within your organisation and either drive your business forward or get in the way of being as successful as you would like. Opportunities and Threats are externalities found in your operating environment.

This article is not about the SWOT itself, but rather how to prepare for one. At the Better Boards Conference in June, I will be discussing “What after SWOT” so this is the prequel: “What Before SWOT”.

In almost thirty years helping organisations with their strategic thinking, I have rarely seen SWOT used well.

Too often a strategic planning day has a SWOT brainstorming session. Participants are asked to shout out their thoughts or write them down on sticky notes and place them on a chart. The result is then proudly displayed as the definitive summary of where the business is at.

What it really shows is a veneer of top-of-mind issues.

Two things result from this approach: 1. The information in the SWOT is not terribly helpful in developing the strategy -so it barely gets used, and 2. Clients ask if they can skip that bit next time around.

To really get the value out of SWOT Analysis one should spend more time on the “Analysis” part of the model.

The process starts long before Planning Day, ideally with individual performance reviews.

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*Ask your staff questions which generate the data you need for the SWOT.*

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Ask your staff questions which generate the data you need for the SWOT. Questions might include “What do we do as a business that really helps you do your job?” or “What are the particular strengths you bring to your role?” to discover the strengths within the organisation.

Managers might ask about training to help progress the employee’s career, or how they might like to organise their timetable, workspace, processes etc to discover weaknesses.

While it might seem obvious that some staff are particularly aware of externalities (sales/marketing staff are never short of an opinion on this), remember that all employees are likely to have a view on the latest technology, may have heard information from their networks and some might have noticed a cyclic pattern over their long experience. Use this internal expertise.

By the way that is an excellent reason to have a diverse workforce. It is also a great reason to have conversations with your volunteer force even if you might not call them performance reviews.



The business then needs to have processes to collate the data collected. This will depend a bit on the size of your organisation but might involve anything from the GM poring over performance review meeting reports through to summaries prepared by departmental heads.

Another source of data is the various meetings of the organisation. These include Board minutes, Health and Safety Committee minutes, and team meeting minutes.

- Over the past twelve months what are the issues that don't seem to go away? Why haven't they been addressed?
- Who were recognised for positive contributions to the organisation and why? What does our behaviour tell us about what we value in the organisation. Sometimes the values we express through our actions do not match the values in our words.

If staff have been to conferences or seminars what was the learning they brought back. If there was no feedback this might be a weakness. Conferences and other outside events are an opportunity to understand what is happening outside the organisation.

- What are others in the sector doing? This might provide us with an opportunity or be a threat.
- Have we attended enough variety of outside events? Have we a systemic weakness of being focussed only on our own industry or sector?
- Who has learned about what is happening with regard to legislative reform for example? Do they have the capacity to get this information to the people who need to understand this?

There are other data collected in normal business activities. For example, complaints and compliments.

*Identifying the themes is the secret sauce.  
After all this data collection and  
collation, the SWOT really begins.*

Some organisations are very good at collating these into themes and acting on them immediately. The board will often not see these lower-level complaints as they were resolved between meetings. Who identifies if there is a consistent theme?

Identifying the themes is the secret sauce. After all this data collection and collation, the SWOT really begins.

The size of the organisation will dictate to some extent where the first level questions get asked. Large organisations will have departmental planning sessions prior to the big event. The smallest volunteer-only organisations will have fewer resources and less time to devote to the process.

Having identified the themes, the question to ask is "why these are themes?" This is the discussion for Planning Day.

The key question is: What is the underlying Strength, Weakness, Opportunity or Threat for each theme?

In a typical SWOT brainstorm this might be reported as "High Staff Turnover". That would be misleading because the weakness is not the staff turnover. That is a symptom. By doing the data collection and collation prior to the Planning Day this symptom can be identified as a Weakness in staff not accessing career progression. Or it may be a Threat from competition in the job market. Or it may be a Strength in developing entry level participants in the sector before they leave for another organisation which of course could be an Opportunity for developing a relationship with another provider.

Discussing the themes, teasing out whether the data is telling us whether we have a strength or a weakness, and agreeing a hierarchy are some of the valuable exercises on Planning Day.

Throughout this article I have emphasised the importance of asking questions. In management speak you "Interrogate the data". Asking good questions is a good rule in life. Keep asking questions on Planning Day. If necessary, have someone designated to be Devil's Advocate if your organisation's style trends to Groupthink. A good facilitator will assist you.

After collecting the data, collating it, and analysing it you are now able to create a SWOT chart that will add real value to your planning. Your SWOT document will be more thoughtful and show up items which should be questioned and discussed. This in turn will lead to a more robust strategic plan.

#### **In summary:**

1. Collect data over the year from meeting minutes, staff performance reviews as well as the usual financial and output signals. Be purposeful in how you record minutes and performance review questions to assist in this process.
2. Collate the data and find the themes.
3. Tease out whether the themes indicate a Strength, Weakness, Opportunity or Threat.
4. Create your SWOT Chart
5. NOW start to develop a strategy.



**Ron Scott**  
**Director, Stellaris**

Ron will present a session on what's After SWOT.

# Strategy – Is It Really That Difficult?

VERA VISEVIC | STRATEGY



**In recent years, serious concerns have been raised by governance experts and public inquiries over the amount of time spent by NFP boards monitoring the day-to-day operations of their organisations at the expense of driving long-term strategy.<sup>1</sup>**

There are a number of reasons directors may have felt constrained to a short-term outlook, including their organisations being under-resourced, heavily reliant on grants and donations and staffed by volunteers and employees of varying levels of experience. Alternatively, boards have not been fully equipped to contemplate or implement strategy because there was resistance to change within their organisations.

Recommendations from recent Royal Commissions, however, highlight that the board's role in leading an organisation's strategy is a responsibility that can no longer be ignored. Directors must now take a long-term view if they are to discharge their duties to act in good faith in the best interests of an organisation and to act with care and diligence.

The final reports of the Aged Care and Banking Royal Commissions advance the notion that directors only properly discharge their 'best interests' duty when they consider the long-term interests of all stakeholders in their organisation.<sup>2</sup> This holistic approach extends to community and social interests being factored into an organisation's strategy. This is evidenced by increasing pressure, particularly in the corporate sector, for boards to have a clear plan for how they can respond to climate change risk, and responsibly manage their organisation's broader environmental impact.

Recent Royal Commissions also called into question the exercise of care and diligence by directors. Concerns were raised over board decisions being made without proper reference to strategy or organisational purpose, and an over-reliance by boards on the assurances of management.<sup>3</sup> In these circumstances, directors were found by the inquiry to have failed in their governance role and contributed to the reputational damage of their organisations.

*Concerns were raised over board decisions being made without proper reference to strategy or organisational purpose...*

Practically speaking, this means that a board will need to direct its organisation to provide the board with a framework enabling the directors to embed strategy into their decision making in a manner that is measurable and through which they will be accountable to stakeholders. Boards could consider doing the following:

## **1. Making strategy an objective and mandate in governing documents**

An organisation's purposes as set out in its constitution should be simply expressed and clearly understandable. Supplementary policies can assist in explaining these purposes in greater detail and how they may be incorporated into an organisation's operations.

Board and committee charters can also be framed in a way which guide directors and committee members to discharge their obligations in the context of the organisation's purpose and strategy.

## 2. Development of a strategic plan

The role of boards in the initial formulation of strategy may vary across different organisations. In some organisations, directors may take an active role in the development of strategy, while in others, the board may rely on management to formulate strategy, and take on the role of testing and approving that strategy. Regardless of the mechanism by which strategy is developed, the board is responsible for approving and monitoring the implementation of an organisation's strategy and embedding strategic thinking into organisational culture.

This can be achieved by documenting an organisation's strategic plan in a way which includes a timetable for its delivery and identifies success measures. All of these should be communicated to stakeholders through steps as simple as publishing the plan on the organisation's website or reporting progress towards strategic objectives in annual reports or through an organisation's periodic newsletter.

*Decisions across the organisation  
should always be implemented with  
regard to the strategic plan.*

Decisions across the organisation should always be implemented with regard to the strategic plan.

## 3. Strategy-focused board induction

As new directors assume all the responsibilities that come with the position as soon as they are appointed, boards should also ensure a tailored induction process is provided which properly reflects the circumstances of the organisation and its strategy.

## 4. Board papers and minutes

Board minutes of large institutions came under heavy scrutiny during the Banking Royal Commission for failing to accurately record important points of discussion. All organisations should implement a requirement for board papers and minutes to explain the rationale for key decisions by directors with reference to the organisation's strategic goals.

Not only will this ensure directors consider strategy during discussions, but it allows boards to demonstrate

accountability for their decisions, including the exercise of proper care and diligence, through official records.

## 5. Making time for strategy

No matter the mechanisms for the development of strategy, all boards are responsible for the implementation of strategy through their decision-making. An effective strategy must adapt to changes in an organisation's operational environment, so boards should make time to discuss and review strategy separately from other matters to ensure they continue to act in the best interests of their organisations.

Board meetings should include strategy as a standing agenda item to ensure it is a topic for discussion at meetings. Many boards also reserve time in their annual calendars for discussion dedicated to strategy, such as through the holding of strategy days where organisational strategy is reviewed and adjusted as appropriate.

### Key Takeaways

- It is now arguable that boards have a legal obligation to consider and implement strategy;
- Strategy must be approached from a long-term perspective that considers the interests of all stakeholders of an organisation;
- Strategy can be implemented in practice by:
  - Expressing the organisation's purpose clearly in its constitution and relating purpose to strategy in supplementary governance documents;
  - Aligning decision-making with the strategic plan;
  - Holding strategy-focused board induction;
  - Embedding strategy in board papers and minutes; and
  - Dedicating time to reviewing strategy.



**Vera Visevic**  
**Partner, Mills Oakley**

Vera is presenting a session on boards and strategy.

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1. Phil Butler, 'Taking back control: putting strategy on the NFP agenda', *AICD Not-for-profit Governance Study* (Web Page) < <https://www.aicd.com.au/corporate-governance-sectors/not-for-profit/studies/taking-back-control-putting-strategy-on-the-nfp-agenda.html> >; *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry* (Final Report, February 2019) vol 1, 400.
2. *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry* (Final Report, February 2019) vol 1, 403; *Royal Commission into Aged Care Quality and Safety* (Final Report, March 2021) vol 1, 133.
3. *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry* (Final Report, February 2019) vol 1, 396.



# The Power of Strategic Collaboration

LIZ FORSYTH | STRATEGIC COLLABORATION



**Once upon a time, not so long ago, the not-for-profit sector and business seemed to follow well-trodden and demarcated paths. Tackling the tough, insoluble social issues was seen as the NFP remit, and private business just needed to, well, get on with business.**

But times have changed.

Yet those pesky, social problems have remained, well, insoluble. Communities and the challenges they face have become more complex, and the solutions needed to address them need to become more innovative. In tight and uncertain fiscal circumstances, NFPs need to find ways to do more with less. At the same time, many businesses are recognising the importance and impact of using their profit for purpose.

If the growing focus of governments on building inclusive communities and of investors and consumers on ESG (Environmental, Social and Governance) tells us anything, it's that driving positive and sustainable social impact is everyone's business, and the NFP sector can't and shouldn't be doing it alone.

We all have a part to play in the ecosystem and collaboration is key.

Importantly, ESG is more than a buzz-acronym. As a framework that helps us understand how organisations manage risks and opportunities related to its three pillars, we can quickly see the benefit of broader collaboration.

In a sense, ESG operates as a platform for NFPs, profits with a purpose, community groups and governments to work together on shared outcomes.

Just as the United Nations' Sustainable Development Goals (SDGs) are an urgent call for action by all countries - developed and developing - in a global partnership, we need more alliances between NFPs and business to drive social change.

Whether working to address poverty, promote environmental sustainability, or support vulnerable populations, NFPs are at the vanguard of efforts to create a better future for all Australians.

And it's hard work.

There's no doubt the challenges facing the sector are significant, therefore the need for effective collaboration and strategic partnerships has never been greater.

Collaboration and partnerships between vastly disparate organisations, including other NFPs, community organisations, businesses and governments, can create powerful synergies that drive positive impact and amplify the effectiveness of programs and services.

We're all familiar with the saying, the "sum of its parts is greater than the whole". By working together towards shared objectives, organisations can leverage their unique strengths and resources, address complex challenges, and achieve more than they could on their own.

**The benefits of collaboration and partnerships for NFPs are numerous and diverse. Such as:**

- **Shared resources and expertise:** Collaboration and partnerships allow organisations to pool resources, share expertise, and leverage each other's strengths. For example, a NFP working to address food insecurity could partner with a community group to provide distribution channels and with a private business to provide funding and logistical support. By sharing resources and expertise, organisations can increase the impact of their programs and services and reach more people in need.
- **Increased reach and impact:** Collaboration and partnerships can help organisations reach new audiences and expand their impact. For example, an NFP working to promote environmental sustainability may partner with a private business to develop a green energy program that benefits both the business and the community. By leveraging the resources and reach of the private business, the NFP can significantly expand its impact and drive positive change at scale.



- **Improved sustainability:** Collaboration and partnerships can help organisations build more sustainable programs and services. By working together towards shared objectives, we can create programs that are more resilient, adaptable, and responsive to changing circumstances. For example, a NFP working to support youth development may partner with a government agency to develop policies and programs that are more sustainable and have long-term impact.

- **Enhanced advocacy and influence:** Collaboration and partnerships can help NFPs amplify their voices and increase their influence. By working together, organisations can pool their expertise and resources to advocate for policies and programs that support their shared objectives. For example, a coalition of NFPs working to address climate change may partner with government agencies and private businesses to develop policy recommendations that promote sustainable practices and reduce greenhouse gas emissions.

Of course, successful collaboration and partnerships require careful planning, clear communication, and a willingness to work towards shared objectives.

**Below are some key factors I suggest could contribute to successful partnership building:**

- **Alignment of vision:** Successful collaboration and partnerships require a shared vision and a commitment to shared objectives. We need a clear understanding of each other's goals and values and work towards a common purpose.

- **Clear communication:** Effective communication is essential for successful partnership building. We must communicate openly and transparently, share information, and work together to resolve any conflicts or challenges that arise.

- **Trust-building:** Just as in personal relationships, collaboration and partnerships require trust and a willingness to work together towards shared objectives. We need to build trust by demonstrating a commitment to shared values, being transparent about our operations and decision-making, and following through on commitments.

- **Collaborative decision-making:** Collaboration and partnerships require collaborative decision-making, with all parties having a say in the development of programs and services. We must be willing to listen to each other's perspectives and work towards solutions that meet everyone's needs.

- **Mutual benefits:** Collaboration and partnerships should provide mutual benefits to all parties involved. Once again, we must ensure the partnership is equitable and all parties are receiving value.

I imagine this sounds like common sense, and while the

benefits of collaboration and partnerships are significant, there are also potential challenges and pitfalls we need to be aware of.

When partnering with larger organisations or those with more resources, smaller NFPs can often feel overshadowed or even pushed aside. It's important for both parties to recognise and acknowledge each other's strengths and weaknesses, and ensure that decision-making is collaborative and inclusive.

Likewise, misunderstandings or lack of communication can lead to conflicts and delays in achieving shared goals. Regular communication and clear documentation of responsibilities and expectations can help prevent these issues.

*Regular communication and clear documentation of responsibilities and expectations can help prevent these issues.*

Different organisations may have different priorities or objectives, which can cause friction or misalignment in collaborative efforts. Its important partners have a shared vision and regularly revisit and revise objectives to ensure they align.

In some cases, NFPs face challenges in measuring and reporting on the impact of collaborative efforts. Its important partners establish clear metrics and methods for measuring impact, and regularly report on progress and outcomes.

Collaborative efforts can be resource-intensive and require ongoing investment of time, money, and other resources. Its important partners establish a sustainable framework for collaboration, including funding models and ongoing support structures.

To navigate these challenges and pitfalls, we can adopt several strategies.

As always, building trust is key to successful collaboration. This can involve establishing clear lines of communication, setting clear expectations, and fostering a culture of openness and honesty. Collaborative efforts can be resource-intensive, but by sharing resources we can reduce costs and increase efficiency. This might include sharing staff, facilities, or equipment.

By recognising each other's strengths and weaknesses, organisations can maximise their impact. This may involve sharing expertise, networks or other resources.

Equally important is establishing clear roles and responsibilities, which can help prevent misunderstandings and conflicts. This can involve creating a shared work plan, outlining key deliverables

*Continued on page 22...*

Continued from page 21.

and timelines, and defining decision-making processes.

And finally, celebrate the wins! Acknowledging successes, no matter how small, can help build momentum and reinforce the value of collaboration. This can include public recognition of partners, media coverage, or sharing success stories with stakeholders.

By adopting these strategies, NFPs can effectively navigate the challenges and pitfalls of collaborative efforts and achieve shared objectives and create maximum positive impacts for communities.

In conclusion, collaboration and partnerships are powerful tools for us all. By partnering with other organisations, and not just like-minded travellers, we leverage all our collective strengths, resources, and expertise.

By embracing collaboration and partnership opportunities, NFP sector leaders and boards can help build stronger, more connected, and more resilient communities for the future, and maybe help dismantle some of those pesky social problems.

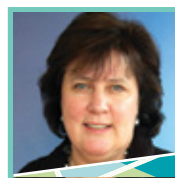
### Case Study: Amaze & APM

Established autism advocacy organisation Amaze and NDIS Partner in the Community APM Communities recently collaborated to improve service quality and the experience of people with autism who are seeking support through the NDIS.

Amaze is providing support and education for the APM Communities team that will improve their understanding of Autistic people, their lived experiences, and the wider autistic community.

The principal focus of the partnership for APM Communities Local Area Coordination (LAC) teams is to enhance their service delivery with these learnings, with the partnership having strong potential to be wider reaching.

In addition, they can more proactively support people living with disability to understand and access the NDIS.



**Liz Forsyth**  
**CEO Disability and Aged Care,**  
**APM**

Liz is speaking in a panel on sector trends and industry responses.

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**Steve Wakerley**  
Chief Executive Officer, Variety

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# Engaging Remote Teams: Key Skills for Leaders

DR RUTH KNIGHT | LEADERSHIP



**The benefits and risks of teams working remotely.**

**Over the past few years, beliefs about how, where, and when work is performed have shifted, and employee expectations and needs have changed. Technology now often allows us the ability to get the same job done, no matter where we are.**

This means remote work options are not only viable, but sometimes preferred. As a result, many employees now conduct a lot of their work remotely (physically apart) and this has led to more work being conducted virtually (communicating, collaborating, and interacting in a virtual space). When people in an organisation are digitally connected regardless of their physical location it is known as a virtual workforce.

Not all work can be performed remotely, but research has shown many benefits associated with allowing employees flexibility when choosing where they work. It can mean more positive outcomes such as job satisfaction and stress management. Absenteeism and turnover can be reduced, and inclusion and more work life balance can be fostered. Other benefits include organisations being able to recruit employees from anywhere globally, expanding the talent pool. Organisations can also save on large office costs and there can be less disruption and greater focus for people working from home, which can improve productivity.

There are disadvantages as well however because working remotely can be isolating and anxiety inducing, regardless of the technology that allows for virtual collaboration and communication. A 2021 report published by Autonomy warned that the switch to working from home presented a risk to employees of burnout, due to a blurring of home and work. People can end up continuing to work when they should actually be resting and having time off. This leads to a culture of digital presenteeism which means people can be working longer hours but less effectively, leading to employees feeling unhappy,

stressed, and unable to switch off from work. These risks mean leaders need to be extremely conscious of what is leading to employee disengagement as it's probably not simply because they work remotely.

## Leading remote teams

We know that digital transformation has changed not only our everyday lives, but the nature of work, and how organisations operate. This means that leaders today must also transform and modernise their leadership skills when engaging and managing a remote workforce.

*...leaders today must also transform and modernise their leadership skills when engaging and managing a remote workforce.*

## 1. Build trust

Trust has been described as the glue of a virtual team, and Gibson and Cohen explain in their book 'Virtual Teams that Work: Creating Conditions for Virtual Team Effectiveness' that trust is a crucial element of virtual team functioning as it promotes open and influential information exchange.

A leader must:

- Model trustworthiness by showing respect and empathy.
- Be a good communicator to build trust. Ask a lot of questions and be curious as often people share less about themselves and their ideas in virtual settings.
- Think about your communication style. For example, turn on your camera and avoid doing emails while in an online meeting. Use voice or video-based communication methods in preference to text or email. Be aware of your facial expressions and body language when in online meetings.



- Use virtual tools and platforms to share information regularly and efficiently with team members working remotely.
- Use file-sharing tools so people don't get frustrated or confused.
- Do more team building activities. There are many you can do virtually.
- Create a trust culture by asking for feedback and embracing diverse perspectives.

## 2. Make your team feel supported

If your team is working remotely, they can't physically walk by your desk to see if you're available for a quick chat, you have to create a supportive culture in other ways.

- Hold virtual office hours or tell people when they can virtually drop by.
- Make sure your team know that you encourage them to take breaks away from the screen or home office.
- Ask people to do an audit on their office environment and ergonomics to ensure they have the right lighting and a place which is safe for work. Set up policies on this.
- Share individual and team accomplishments in innovative ways so you are recognising people's work and commitment.
- Acknowledge the challenges for remote teams including that some people crave physical contact and being around others. Regularly check in and talk about how people are coping personally and professionally.

### Implications for leaders

Leading a remote team is a serious and important endeavour for leaders today. Workplace culture and leadership continue to have the biggest impact on team

engagement and productivity so leaders need to discuss the various benefits and drawbacks of remote working with their team and listen to what they can do to maintain the team's trust, wellbeing and productivity.

Leaders should ensure they have invested in the latest and most appropriate technology to communicate and collaborate which helps to keep their teams feeling connected and engaged.

### Implications for boards

The rise of remote connectivity has also created opportunities for board members to meet more regularly virtually and recruit new members who are more geographically located (distributed). Many boards are finding remote board meetings beneficial, but there are also significant challenges and dangers to only meeting virtually which need to be monitored. Like any other leadership team, relationships on a board need to be strong, respectful and psychologically safe so that discussions are robust and easy to engage in. A Harvard Business Review article suggests some great ways to make virtual board meetings work successfully. They include using break out room productively; building in candour breaks; doing tech run-throughs; and setting clear expectations about cameras and recording discussions.

### Questions to reflect on

1. Do we have the right balance between virtual and face-to-face meetings?
2. Does everyone feel they are using the technology confidently and effectively?
3. Are we ensuring that virtual meetings maintain inclusive and safe conversations?
4. Are we monitoring how we are fulfilling our decision making and fiduciary duties when working remotely?



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**Dr Ruth Knight**  
Lecturer & Researcher at QUT's  
Australian Centre for Philanthropy  
and Nonprofit Studies

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# Strategic Planning Principles and Practices

MICHAEL GOLDSWORTHY | STRATEGIC PLANNING

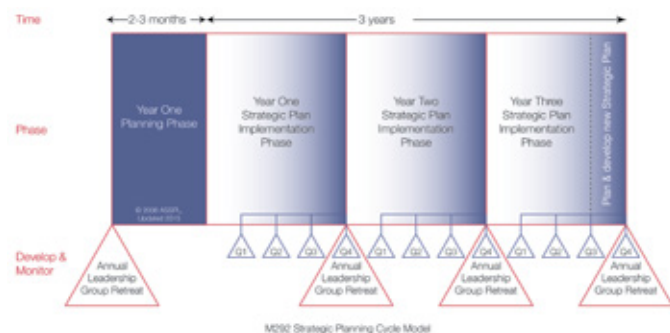
**Accepting a position as a director requires a willingness to personally grow and develop one's governance and leadership skills, experience and knowledge, and a commitment to allocating the necessary time to fulfil directors' corporate governance roles and responsibilities.**

Strategic leadership is one of the four overarching governance responsibilities of a board; the most well-known manifestation of a board's strategic leadership is the development and driving of a strategic plan, in partnership with the chief executive officer (CEO) and executives/senior managers.

Whilst an increasing number of boards are more robustly developing & implementing strategic plans in order to develop their services and grow their organisations, there remains a wide disparity in the understanding and practical application of contemporary strategic planning principles, frameworks, systems, processes, documents and tools.

## Strategy is an ongoing process

Strategy should not just be a one-off event or discussion. It should be an ongoing process of strategic thinking, strategic discussions and strategic decisions. The key outcomes of the strategy process are agreement and clarity on the organisation's strategic intent, strategic direction, strategic destiny and the associated strategies and projects to enact these.



Model X

The strategy process should have steps and activities that establish a cycle and which is reflected in the board's governance policies and procedures and annual program of work. *Model X* presents an example of such an approach where the board allocates a 1 – 3-month time period for the initial development of a 3-year strategic plan. The 3-year life of the strategic plan can then be broken down into annual priority strategies and projects and/or operational/business plans and quarterly monitoring of implementation. An annual strategic review and planning process should enable the board, CEO and executive/senior managers (leadership team) to review and confirm the organisation's status and industry/sector

drivers and trends, determine if there is a need to update or add strategies and projects, and agree the priority strategies and projects for the coming 12-months.

Such a structured process not only assists in bringing a strategic plan to life but ensures it is not a case of "set and forget", whereby a great looking document is prepared and then gathers dust on the shelf.

## Incorporate the key elements of strategic planning

There are several key strategic planning elements or processes that should be undertaken when developing a strategic plan. These are set out in *Model Y* and discussed below.



Model Y

## Strategy and the big picture

Strategy must be grounded in your organisation's industry/sector big picture and therein current, emerging and future drivers, forces and trends, along with the challenges and opportunities for the organisation.

Understanding the big picture drivers, forces and trends requires being externally focused; that is getting out of the boardroom and "flying the helicopter", not "mowing the lawn and talking about the grass clippings". For example, many aged care organisations focus on the detail of each individual Aged Care Royal Commission reform (the grass clippings) but fail to recognise and consider what they mean in totality and the messages and meanings for them (flying the helicopter).

## Objective assessment of your organisation and its key elements

One way of viewing your organisation is that it has key elements that facilitate its functioning. Directors should be focused on these to ensure that management deliver services and products that meet or exceed customer expectations and requirements. These key elements are

Purpose & Strategy, Culture & Leadership, Structure & People, Systems & Processes and Service, Business & Financial Models.

An objective assessment of the status of these key elements and other factors relating to your organisation must be undertaken and the question asked in light of this assessment: what are the impacts and implications of the aforementioned big pictures drivers, forces and trends, and what are our organisation's mission criticals, those things fundamental to our success and sustainability that we must address?

If it is the reality of your organisation that its key elements require strengthening or worst case there is a need for a significant 'fix up and clean up', then enabling strategies and projects will be required. Alternatively, growth strategies are required if your organisation's key elements are sound and position it for service development and growth in order to meet existing or unmet customer demand.

### Strategic thinking, discussions and decisions informed by a wide range of inputs

There are also a range of other important aspects that should form part of the strategic thinking, discussions and decisions. From an inputs perspective these may include for example, customer insights and feedback on existing products and services, staff insights into what customers value and how the organisation does or should work and, key data, information or business intelligence on customer, market, competitor and industry dynamics and trends.

The strategy process should also educate and engage participants, assisting them to develop common understandings and generate ideas which can be tested. This process must also allow for robust and respectful debate and bring together directors, the CEO and executives/senior managers to work together as a leadership team. Focusing on the strategic risks, challenges and opportunities facing the organisation ultimately assists in reaching agreement and clarity on the organisation's strategic intent, strategic direction, strategic destiny and enacting strategies and projects.

*...strategy is an ongoing process, not a one-off event or discussion, the process of strategy does not stop once you have documented the strategic plan.*

### Implement, implement, implement

As strategy is an ongoing process, not a one-off event or discussion, the process of strategy does not stop once you have documented the strategic plan.

Directors should be mindful that firstly they are accountable to members for the development and success of the strategy. Secondly, they are responsible for ensuring there is accountability for and reporting from the CEO and executive/senior team for strategy implementation.

Practically, this means developing clear and agreed timeframes for implementation and documenting who is responsible for delivering specific strategies or projects against agreed performance targets, metrics and internal or industry benchmarks.

To assist with the implementation of strategies and projects it is vital that the board, CEO and executives/senior managers have documented and utilise a strategic planning framework, which brings together the strategic plan, operational/business plans and implementation, monitoring and reporting tools.



**Michael Goldsworthy**  
*Principal Consultant,  
Australian Strategic Services.*

Michael's session is on strategic planning principles and processes.

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# Aligning Strategy, Operations and People with Your Purpose

PHIL PRESTON | STRATEGY & PURPOSE



**Why should for-purpose organisations worry about defining, refreshing or implementing their purpose? There are many reasons, such as an existential crisis, merger and acquisition activity, reinvigorating supporters or drifting in direction over time as funding sources have changed.**

An organisational purpose is important for all of your major stakeholder groups, including employees, because it succinctly communicates why you exist. However many organisations may struggle to articulate their purpose, let alone take the next step and put it into action. In this article, we'll look at purpose in more detail and how it plays a powerful role in aligning strategy, operations and people.

*An organisational purpose is important for all of your major stakeholder groups, including employees, because it succinctly communicates why you exist.*

## Purpose governance

According to governance expert, Julie Garland-McLellan, clarity of purpose for boards is a legal requirement under ACNC Governance Standards to ensure their organisation is genuinely motivated by a charitable or not-for-profit cause. This registration requirement should be reason enough for taking purpose seriously.

Going a step further and proving you are delivering on your purpose involves measuring outputs, outcomes and

impacts. As the saying goes, if you can't measure it, you can't manage it, so a measurement system with board accountability covering shorter term outcomes through to longer term impacts should be a priority if it's not already in place.

## Purpose statements and jargon

What should a purpose statement convey? Think of it as the benefit to society you are aiming to deliver in a financially sustainable way. For example, the Australian Red Cross is empowering vulnerable people to make them safer and more resilient.

*Your purpose statement should contain enough information so that meaningful outcomes and impact measures can be created.*

Your purpose statement should contain enough information so that meaningful outcomes and impact measures can be created. This will be second nature if your organisation has a theory of change framework, compared to smaller or newer nonprofits that, say, express their purpose as an activity rather than societal benefit.

A quick scan of nonprofit and corporate purpose statements will reveal that there is a mish-mash of terms used in inconsistent and confusing ways. My recommendation is that a well-crafted purpose statement and set of organisational values is essential, and anything else serves as additional information that may or may not be necessary.

A 'vision' typically refers to the world you'd like to see if you are successful in achieving your purpose. It's usually aspirational because it is very long term and will rely on a range of other organisations and policy settings for realisation.

*A 'mission' is best thought of as a battle cry designed to motivate and mobilise the change you seek to create.*

A 'mission' is best thought of as a battle cry designed to motivate and mobilise the change you seek to create. OzHarvest talks of "fighting food waste" and the Cancer Council "won't stop until cancer does", which are both good examples of a mission. Your mission may change as you enter new phases whereas your purpose should stay fairly constant over time.

When it comes to 'values', they define what's important in 'how' you go about pursuing your purpose, but they are not to be confused with your purpose per se.

The reality is that what you call your 'mission' may be what someone else calls your 'purpose' and so on, and that's fine. Doing the work and making a difference is what matters, however you may want to keep these definitions in mind for your next review.

### Aligning strategy, operations and people

Your purpose is why you exist and your strategy represents your key initiatives in realising that purpose. Therefore the two are inextricably linked and must be aligned. As a unifying statement, purpose is the ideal mechanism for aligning your people and operations because it is 'non-negotiable'.

*As a unifying statement, purpose is the ideal mechanism for aligning your people and operations because it is 'non-negotiable'.*

When someone decides to pursue a personal or team agenda that sits in conflict with your organisational purpose, it can be called out fairly easily in a non-confronting way. Just asking the simple question, "how does that fit in or contribute to our purpose?" can be enough to provoke a conversation that leads to change.

In terms of workforce culture, purpose starts at the top. While nonprofits are naturally wired to be purpose-oriented, clarity of exactly what it means is important. Some organisations spend millions of dollars and engage

thousands of their staff in refreshing their purpose only to find that no one actually cares or references it in their day to day work and the decisions they make.

To bridge that gap, organisational goals - from high level ones all the way down to personal KPIs - should be aligned with the purpose measurement system. To upskill your people and bring them on board, it helps to craft and tell nuanced stories illustrating purpose in action also help. When, for example, a manager takes the initiative to distill the purpose of your organisation into concrete goals for his or her team as a whole along with their personal KPIs, that's a story worth telling.

*Undergoing a purpose 'transformation' process can sound daunting, so the good news is that it's more about enhancement than reinvention. Every process can be enhanced with a few extra considerations or steps.*

### Enhance, don't reinvent

Undergoing a purpose 'transformation' process can sound daunting, so the good news is that it's more about enhancement than reinvention. Every process can be enhanced with a few extra considerations or steps. For example, check in to make sure your draft strategy is truly adding to delivery of your purpose and will be reflected in forecast impact metrics. Sometimes it will raise new or tricky questions, and that's a good thing because it's better to have the conversation than not. Or when you explore new funding or fundraising channels, a more formal purpose and values overlay can easily be added.

There are many reasons why the purpose statement of your organisation may need reviewing and extra attention given to its implementation. It's an opportunity to improve the alignment of your strategy, operations and people in a positive way that makes life simpler and increases the potential of your organisation to maximise its impact. As a bonus, it won't cost you much relative to the returns you get from it.



**Phil Preston**  
**Founder,**  
**The Business Purpose Project**  
Phil is presenting a session on clarity of purpose in critical change.

# Finding Collective Leadership Success

WILLIAM NEWELL | UNDERSTANDING YOUR BOARD



**People join boards for various reasons and bring their personalised interpretation of leadership styles based on compounding individualised influences and knowledge of organisational governance on specific operational and strategic components that accumulate followers from either fear, admiration, or financial goals.**

Research findings have proven continuously through analytical assessments that many organisations need to incorporate the findings of historical board failures and academic research into their board's selection tools and guides when developing and building their boards, committees, and advisory groups.

*The composition of boards is a topic discussed previously throughout conferences, but the theme of failed boards due to their membership cohort continue to be repeated scandalously.*

The International Journal of Business Governance and Ethics published in 2020 that board characteristics and leadership styles directly influenced the balance of power on the board and within the organisation<sup>1</sup>. The composition of boards is a topic discussed previously throughout conferences, but the theme of failed boards due to their membership cohort continue to be repeated scandalously. In May 2022, the Corporate Governance Institute published a guide on what could be learned from three significant board failures<sup>2</sup>. Each of the identified boards'; Sports Direct, Enron, and Blockbuster, failures had a significant breach in transactional leadership, management, and guidance, and each board also failed to demonstrate and inspire a solid transformational culture due to a lack of a successful amalgamation of reactive and proactive leadership culture<sup>3</sup>.

In 2004, the Financial Analysis Journal published a Board Composition and Corporate Fraud article that analysed board failures between 1978 and 2001. The findings identified that a primary contributor was the lack of central representation of a board and specialist committees, the composition and selection of board members, and lack of director's independence, and the engagement of the board with the operational executives and shareholder<sup>4</sup>.

Recently published research, in 2020, on board composition has demonstrated that there is no significant correlation between board size and financial performance<sup>5</sup>; however, a positive correlation between non-executive directors and financial performance is connected to their gender diversity, expertise, networks, cultural beliefs, leadership style, and what they bring to the organisation is critical to growth and performance outcomes<sup>6,7</sup>.

Research undertaken by Nahum and Carmeli into strategic decision-making by boards and their directors revealed that an individual's leadership style not only influences a board's composition but impacts the work environment and how it drives a board to shape the context and dynamics of their respective organisation<sup>8</sup>.

Research published by the Australian Institute of Company Directors<sup>9</sup>, Governance Institute of Australia<sup>10</sup>, and KPMG<sup>11</sup> all provide practical and educational tools that aid in the assessment of board compositions, knowledge and skills required by a director, and what current and foreseeable attributes one must possess to fulfill the statutory role while adhering to their stakeholder's implementation of Environmental, Social, and Governance (ESG) framework. ESG framework is the collection of material risk factors that a board must identify, mitigate, and incorporate into the strategic decision-making to address societal and cultural expectations while generating value for the organisation's stakeholders<sup>12</sup>. However, each checklist and guide fails to incorporate the topic and subsequent questions around an individual's leadership style and how to assess a board's composition of the 'soft' skill. The research findings on leadership style and board composition have demonstrated a positive correlation between the success of the board and future organisational success<sup>13</sup>.



The Society of Human Resource Management has published numerous articles on leadership and how to develop leaders. Their articles identify 'hard' and 'soft' skills required essential for organisational leaders and members of boards. Syed Mohiuddin published, in 2017, that ethical leadership is the basis of how leaders perceive and conceptualise the situations around them and influences how they interact and comprehend issues<sup>14</sup>. The research demonstrated that an individual's leadership style affects their capacities involving critical analysis of data, decision-making in critical situations, and how they perform within cultural and financial boundaries.

The research presented in these articles have revealed that leadership styles have been categorised into specialist subsets under two core themes: transactional and transformational. Some terms within the transactional leadership category include authoritarian, affiliative, coaching, pacesetter, and commanding. While the terms democratic, visionary, and laissez-faire tend to be bundled into the category of transformational leadership. Neither approach is superior to the other; however, there are apparent differences between these two styles. The transactional leadership style is seen as reactive in nature. It focuses on extrinsic motivation for the performance of job tasks and is based on processes and control, a strict management structure, and uses rewards and punishments for motivation. In contrast, the transformational leadership style is proactive in nature. It creates a vision based on an inspiring fellowship to strive beyond statutory expectations and increase coordination, communication, and cooperation through charisma and enthusiasm for motivation.

*In contrast, the transformational leadership style is proactive in nature.*

Each leadership style is not mutually exclusive, but a board's composition needs to successfully amalgamate each

individual's style to achieve transformation into the board of the future and fulfil each director's requirements of 'due diligence' and 'best interest duty'. Each leadership style fails when employed unilaterally and without conscious effort of all board members to incorporate the traits of the above specialised leadership subsets.

*...a board's composition needs to successfully amalgamate each individual's style to achieve transformation into the board of the future and fulfil each director's requirements of 'due diligence' and 'best interest duty'.*

Research and recent board failures demonstrate that future checklists and guides should not only concentrate on an individual's 'hard' skills of technical proficiency and industry knowledge but to place the same importance on an individual's 'soft' skills associated with their leadership style. An individual's leadership style will dictate how they inspire and motivate others, demonstrate integrity and honesty, solve problems and analysis issues, what they will consider achieving results, and how they will communicate among their fellow directors, the organisation's management team and staff, and stakeholders. I submit two questions to you, does your organisation evaluate each director's leadership style and the collective leadership culture of the board and if not, why not?



**William Newell**  
**Chair, Victims of Crime NT**  
William will present a session with Melinda Fleming on Strategic and Operational Congruence.

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# Post COVID Lessons for Strategic Leadership and Planning

DAVID BARTLETT | STRATEGIC LEADERSHIP



**We certainly hope that we are now travelling in a post pandemic world, having spent the best part of 3 years being disrupted across all areas of life by COVID. We all saw the unexpected arrival of a global pandemic, a dramatic increase in remote working, and a louder call for equity and inclusion in the workplace.**

Our global economy continues to experience turbulence. Leaders right now are trying to work out what the “new normal” actually is post COVID, with many authors on the subject settling on some sort of hybrid model of work that tries to balance a perceived conflict between organisational needs and personal preferences of staff. What seems to be emerging is increasingly being portrayed in the media as a confrontational “stand-off” where CEO’s are demanding a return to the office, and staff are crying out for maintaining the better life balance that they have experienced over the last few years. In many cases, workers who have moved to regional areas are now facing even longer commutes if they want to continue working with their employers who quite happily allowed them to work during COVID remotely. My Gen Y son is, like many others, questioning why he has to return to the office when his role is largely online. The answer to him when he enquired – “the CEO has stated that the investment in city building infrastructure can’t sit empty so everyone has to come back to the office at least two days a week!”

As organisational life gets back into full swing there is an unsettled feel about returning to the ways we worked prior to the pandemic. Staff that had been trusted to work collaboratively and innovatively to adapt to a changed world are now being treated like they can’t be trusted or

considered when it comes to working out what the new organisational world should look like. As leaders plan the future of their organisations, the majority of existing strategic plans had to be tossed out and rewritten. There wasn’t a single 2020 strategic plan that would have predicted a pandemic!

Which brings me to the topic of this article – strategic leadership and planning. If you are in leadership in today’s post COVID world it’s time to think differently. I’m a Gen X’er and have happily working in the consulting space delivering traditional strategic planning advice to clients for the best part of 20 years. What I learned through COVID is that traditional strategic planning is dead, however the need to plan strategically remains. Leaders still need to keep an eye to the future and plan towards that future, however some key changes in approach and shared leadership are needed. In our work with clients we have noticed the following key features of current strategic planning efforts.

*What I learned through COVID is that traditional strategic planning is dead, however the need to plan strategically remains.*

## **The need for speed**

Post COVID we expected leaders, driven by well-placed consideration for staff health and well-being, to take slow tentative steps towards restarting the workplace. Although tempting to ‘wait and see’, there is a compelling reason to move fast when it comes to the way the organisation should move forward in a post pandemic world. In uncertain times, speed matters more than perfection. It’s unlikely your plans will be perfect, and they

will rapidly outdate. This is the new reality for us all. This implies an iterative approach for the future in leadership and planning, revisiting stages as the situation changes, and checking assumptions to ensure that they remain relevant. A well structured however nimble, forward planning approach will help leaders and staff create an advantage by moving fast but retaining the agility to learn and adapt as the situation changes. Structure partnered with agility is the key to future strategic planning.

*Structure partnered with agility is the key  
to future strategic planning.*

### New value through innovation

Most not-for-profits operate on a very narrow definition of innovation that limits innovation to improvements on new products, services or technology. But innovation is much more – in a post COVID world innovation needs to evolve to become a consistent, ongoing execution of new value for stakeholders rather than attempt to define a static desired goal for some time off into a desired future. Leaders need to ask the question “What challenges can you as leaders see for your organisation, and how can you innovate to solve these challenges and embrace new opportunities?” And post COVID, the answer to this question needs to become a team effort rather than just the job of the executive leadership.

*...in a post COVID world innovation needs  
to evolve to become a consistent, ongoing  
execution of new value for stakeholders  
rather than attempt to define a static desired  
goal for some time off into a desired future.*

### Top down and bottom up collaboration

During the last three years hierarchical accountabilities, structures and processes gave way to new expressions of collaboration and delegation. Traditional strategic planning pre pandemic often limited decision making to a small core subset of leadership. But innovation is a team sport, and often the bigger and more diverse the team, the better. not-for-profits are in a great position post COVID to leverage their whole staff to enhance innovation outcomes through teams. Agile strategic planning still chases vision through strategy, but the tools it uses combine the “top down” strategic leadership of the board and executive around stated purpose, values and goals for long term future orientation and goal setting with bottom up innovative strategy development by a much

larger group of stakeholders across teams. This form of collaboration respects that the board and executive collaborate and ensure the WHY purpose and values of the organisation is not compromised, but allow for responsiveness and idea generation to come from the whole staff. This assures better buy-in for ideas and direction, and creates strategic motivation, capacity and connection to the purpose and values for the whole staff as well.

### Experimentation

Experimentation was also often a feature of organisations as they scrambled to make their businesses work during the pandemic period. Why walk away from all those new skills that were exercised so effectively in many organisations? Utilising experimentation is actually the fastest and cheapest way to reduce risk and ultimately deliver new value to an organisation. Strategic planning is not a one-time event. It is an iterative process, and innovation strategy requires a precise balance between form and freedom. This usually involves a four step approach:

1. Start broad and develop as many new strategy ideas as possible using teams formed across the whole organisation.
2. Grow those ideas by clustering and vetting them, so that they are prioritised based on their potential and executability.
3. Prioritise and select the best of these strategies through experimentation and adaptation.
4. Implement then adopt new strategies over time – when existing strategies are completed they can be retired from the Agile Strategic Plan and form part of the business as usual operational plan. Over time new strategies will come into the plan.

Agile strategic leadership and planning is fundamentally different from traditional strategic planning, which often moves from idea directly to execution. Now more than ever, not-for-profits are dealing with significant unknowns, and experimentation is the fastest and cheapest way to reduce risk and ultimately deliver new value. The journey of strategic planning as a tool that can move your organisation to a new state of adding value is far from over, its just been renovated to learn from the immediate past, leveraging the learning to adapt to an uncertain future.



**David Bartlett**  
**Partner, Resolve**

David will present a session on agile strategic planning.



# Setting the Strategic Board Agenda

STEVEN BOWMAN | BOARD AGENDAS



**The way a board agenda is structured will dynamically affect the quality of board focus and its ability to handle the big decisions that are required to create the future.**

This is further supported by the quality of board reports that provide succinct, focused information that facilitates the board to understand the choices they have. The board agenda and the board reports need to work in concert with each other. If the board agenda is focused on receiving reports on activity, and the board reports only provide updates on activity, then the board is not fulfilling its purpose.

The board and the members of the executive team should be able to collaborate in a close and productive partnership. Both groups must ensure that the board maintains an appropriate focus on the board-approved strategic priorities. There are four main reasons why a board will move from strategic matters and descend into operational matters: Ignorance of their role, Familiarity with too much operational detail, lack of faith in the CEO, and/or poor preparation. This article investigates the poor preparation component.

## Who owns the agenda?

It is the chair's decision what is on the agenda and what is not. There have been numerous legal cases that have highlighted the role of the chair in setting and managing the board agenda (eg *Australian Olives Ltd v Livadaras* [2008] FCA 1407; *Justice Beach: Australian Securities and Investments Commission v Mitchell (No 2)* [2020] FCA 1098 (31 July 2020)). If the chair is not managing this well, assist them or replace them (circumstances depend on how the chair was appointed-by the board or by members/shareholders).

Who prepares the first draft? Usually the company secretary, the CEO or the board secretary which is then approved or amended by the chair. The draft agenda and the board papers need to be sent to all directors at least 5 days plus a weekend, prior to the board meeting. Two days prior to the board meeting, schedule a time for directors to seek clarification or request the chair add items worthy of board discussion.

## The Top Fifteen Practices... (check off the items you will use)

### ❑ 1. Place your vision at the top of the agenda

This can remind all present “why” your organisation exists and why you are there; it is not just for the sake of holding meetings. It can also be used by the chair to draw people to consider where the conversation should go. It can also be used to guide behaviour of recalcitrant board directors.

### ❑ 2. Create a colourful cover sheet or include a service user story

Plan International uses a cover sheet for every board agenda pack. They include a photograph of their important work or key projects plus a short description. This can help to remind board directors of the reasons for why the organisation exists. Alternatively, spend 10 minutes exploring a service user story.

### ❑ 3. Place strategic matters ahead of operational matters

This helps to overcome the problem we see too often where a meeting delves into operational matters for extended discussions and then finds there is not enough time left to deal with the strategically important stuff. Prioritise the first part of the meeting for strategic matters. Rather than a CEO Report, create an Executive Team Report on strategic priorities and align it to strategic plan structure and deliverables.

### ❑ 4. Use the Consent Agenda (also called the Block Agenda)

This technique separates out matters that the chair and CEO believe are not contentious and should be adopted as a group without any major discussion. One helpful tip is to require directors to advise the chair more than 48 hours prior to the board meeting if they believe an item should be taken off the consent items list. If the chair is not convinced by this director, then the chair can still recommend that all ‘consent agenda items’ are accepted as they appear in the agenda. As well as separating out **Items for Noting**, you should also have items for discussion and **Items for Decision** by the board. Please note that any **Items for Information** should be sent out separate to the agenda, or stored in a resource library or board portal.

### ❑ 5. Colour code the agenda for the action required by the board

On the agenda, you can colour code the item, depending on the action required from the board:

- Use green for “Items for Noting”
- Use amber for “Items for Discussion”
- Use red for “Items for Decision”

### ❑ 6. Create a standard heading on all reports

This heading should read “Strategic Issues or Implications

for Board Discussion” (or similar). Some of the time, there may be a single word “Nil” under this heading. Other times, staff will appropriately articulate the issues of strategic importance that the board needs to consider. Even if the word “Nil” appears, the mere presence of this heading may prompt a director to raise a strategic issue or question related to the topic.

#### ❑ 7. Set a page limit for the board agenda pack

One organisation we support, the chair, directors, and CEO have agreed to set an 80-page limit for material to be included in a board agenda pack! Additional, optional reading material can be stored in the board portal. Another approach is to insert a divider page marked “Optional Reading for Directors” or similar. Optional reading items can be placed after the divider page.

#### ❑ 8. Careful use of ratios

When determined in advanced, some selected, key ratios can help the board to focus on the strategic issues behind the finance and other numbers. If you use ratios, create a legend to explain what they mean. This can be helpful to directors who are not familiar with the use of these ratios. It can also introduce clarity as there are some ratios that are defined or used differently in different sectors. Define the trigger points for action should the ratios fall below the acceptable and agreed levels.

#### ❑ 9. Manage ‘Board Owned Risks’ and seize opportunities

By creating a separate classification for board owned risks, the staff team can more easily summarise the risks that require attention and oversight by the whole board. Naturally, the board committee overseeing risk should see greater detail and monitor the treatment of major operational level risks. The CEO and staff must maintain even stronger vigilance over all risks.

Remember: Any risk identified can present potential business opportunities, especially if you can manage them much better than your competitors. Help the board focus on the opportunities associated with risks by considering the opportunities and the potential increase in business available.

#### ❑ 10. Consider use of the Net Promoter Score (NPS)

This measure offers insight into how many of your clients would recommend your service to family or friends who may need a service like you offer. While it is contentious in academic research, the NPS can be used to gauge where you are at, and even whether you have improved recently. There are some situations where it should not be used. Talk to us and we will share examples!

#### ❑ 11. Use dashboard reports (sparingly)

These summary style reports can graphically represent and summarise key data. Make sure that the dashboard reports are measuring the items that represent the real

health /real impact of the organisation. While it should cover operational and financial matters, don’t forget to include key people measures like culture, satisfaction, staff and safety matters. Trend information, and succinct commentary from management can also be integrated into dashboard reports to make them more useful for directors.

#### ❑ 12. Use leading indicators, not lagging indicators

Like most financial reports to boards, many operational reports also look backwards at what the organisation has done. Though sometimes challenging to define, leading indicators can become a useful proxy measure for future success of the enterprise, rather than what is already behind the organisation.

#### ❑ 13. Measure the right things

Often board reports are full of data that are unhelpful as information for directors (or even management). Client numbers and targets often figure prominently in many board reports. One client might generate \$10k per year in services with the organisation; another one may generate \$800k. Some clients cost you money to service; others yield a surplus to support the whole business. While many organisations measure new clients signed up, they often fail to disclose how many clients were lost, and what the full year impact of those losses are worth to the organisation. Finally consider benchmarks and targets. Are you measuring the real outcomes of your work, or just activity or outputs?

#### ❑ 14. Include a CFO and CEO Declaration

Every financial report provides useful information for directors about financial performance. At the end of the financial report/s, the CFO should include a declaration to the board that they believe the organisation is solvent. Also include details of currency of key payments to external parties relating to Superannuation Guarantee, other super funds, and the ATO for PAYG and GST. Include date paid up until, and the date next payment is due. CEO should countersign this declaration and key information.

#### ❑ 15. What should be on your agenda next year or so (Hint: Culture/AI)

After several recent Royal Commissions in Australia, it is clear that organisational culture and the use of AI must become a stronger point of focus for all boards. As a start, you should ask each director and the full board “Is the culture of our organisation and the development and monitoring of AI where the board requires it to be?”



**Steven Bowman FAICD**  
*Managing Director,  
Conscious Governance*

Steve will present a session on creating a strategic board agenda.

Contact Steven if you would like a template of a strategically focused agenda.

# Board Culture Is Far More than the Cherry on Top

LIZ MACKINLAY | CULTURE

## Having a host of risk and compliance frameworks won't save your board if trust and collaboration erodes.

Working in gender equality and aid and development as both a CEO and board member over the years, I've seen boards go from well-functioning to not, and do so in surprisingly short periods of time.

I've seen boards in need of greater governance, and those in need of far higher risk appetites. I've seen CEOs feel supported, through to those who've been hamstrung - paralysed by distrust of their boards or left out to sea with no lifeline to hold. The one thing that has struck me time and time again, has been the underlying role of board culture in shaping this performance and determining how successful it in fact is. A factor that too often goes unseen, and unfortunately unaccounted for.

As a chair, a trusting and collaborative culture is instrumental to a board being able to focus on its strategy, governance, risk and CEO support. A trusting culture doesn't mean that the hard conversations aren't had. Rather it ensures that non-executive directors feel safe enough to challenge each other's assumptions and trusting enough to ask hard questions about the functioning of the business.

Colin Carter and Jay Lorsch highlight a matrix of key factors to improve governance in their seminal work, *Back to the Drawing Board*<sup>1</sup>. This emphasises six essential qualities every director should have – the intellectual capacity to “think their way into a business they have never worked in”, interpersonal skills to reach agreement, instinct for “finding the value when making strategic and organisational decisions”, interest and commitment to contribute enthusiastically, and importantly, integrity to engage with the company in a truthful manner.

This is all incredibly accurate, and it all contributes to building the culture that's instrumental to bringing each of these about. None will matter at all if the CEO and executive aren't sharing the information and insights that they need to make informed decisions and aren't allowing themselves to be vulnerable and open to honest feedback. This culture doesn't come overnight, and it certainly doesn't come by crossing your fingers and wishing for people to simply get along.

Rather, building a trusting team comes as Simon Sinek says in *The Infinite Game*<sup>2</sup> through demonstrating authenticity and vulnerability with each other. Sinek writes “There is a difference between a group of people that work together and a group of people that trust each other” and “for that feeling of trust to develop we have to

feel safe expressing ourselves first. We have to feel safe being vulnerable.”

This can feel like a radical notion when you're sitting in a governance role, however the risks of not doing so are much higher. I'm sure I'm not the only one who's experienced boards where this trust has not been built, and its subsequent ability to raise legitimate questions or challenge the louder voices in the room due has left the CEO disengaged and the organisation at risk. How can we expect our CEOs and their teams to share their challenges and their 'compliance' issues when their leaders and mentors don't either?

This is challenging enough to practice in our friendships, let alone in situations where the power imbalance and hierarchy is inherent. Yet, there are not many situations where the need for hard and candid conversations to be had is as important as it is in governance. To do this in a way that generates maximum openness and a willingness to grow together for the good of the organisation, requires dedicated skill and dedicated attention from the entire board.

We need our chairs to be first in owning their short fallings, sharing their learnings and apologising for their mistakes. When you interrupt, when you don't have the answers, when you reconsider your judgement; take a moment and own it. And when your board is going through transition and not in strong agreement; let that be known. Hold space for the discomfort and allow for the disagreement to be had.

As a board chair, knowing when directors have been heard and when to bring the conversation to a close, is as much an art as a technical skill. It's the ability to weigh up when enough has been digested to say a decision has been made, and the ability to also hold the decision, even when information has been tabled and a discussion had. It's these key decisions that require strong trust between the board chair and board directors, and you do not want to be building this when times are tough.

It may seem simple, but it is these small steps in vulnerability that change the culture from the top, and brings about the culture that we need to be share our full and critical self in a safe way and valuable way. It's without doubt the missing ingredient that we need for more accountable and well governed organisations, and far from simply the cherry on top.



**Liz Mackinlay**  
CEO,  
**Australian Business Volunteers**  
Liz is presenting a session on  
culture and transparency.

### References:

1. Lorsch, Jay W., and Colin Carter. *Back to the Drawing Board: Designing Corporate Boards for a Complex World*. Boston, MA: Harvard Business School Press, 2003.
2. Sinek, S. *The Infinite Game*. Penguin Business 2019.



## Better Boards Conference 2024 Information

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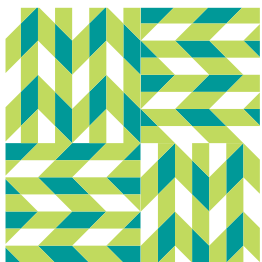
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