Measuring Board Effectiveness
Towards 2020 within an ever increasing regulatory environment
Measuring Board Effectiveness

Andrew Birch

• Chair, St Bartholomew’s House
• Managing Director, Vantage Performance, Perth

Lynne Evans

• (Immediate past) Chief Executive Officer, St Bartholomew’s House (1999 – 2012)
Machiavelli 1446-1507

‘There is nothing more difficult to take in hand, more perilous to conduct or more uncertain in its success, than to take the lead in the introduction of a new order of things. The innovator has for enemies all those who have done well under the old conditions and lukewarm defenders in those who may do well under the new.’
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Within an ever increasing regulatory environment

Agenda

- St Bartholomew’s House
- Regulatory framework
- Where St Bart’s was in terms of governance
- What we did at St Bart’s
- Lessons learnt
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St Bartholomew’s House Inc

History

• Est 1963 homeless shelter church hall
• Homeless men
• 1985 received funding through for supported accommodation 54 men
• 1995 opened 16 bed homelessness aged care
• 1995 first mental health programs crisis services
• 1995 first housing from government 17 units
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St Bartholomew’s House Inc

History

• 1999 Lynne became CEO
• 2004 Corporate Governance Award
• 2005 Andrew joined the Board as Treasurer
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St Bartholomew’s House Inc

Today

1. Crisis and transitional supported accommodation
2. Residential and community aged care
3. Housing - Supported accommodation and tenancy support for people living with mental illnesses or exiting transitional accommodation
4. Look after over 400 people every night
5. 130+ FTE
6. Annual operating budget of over $13M
7. Board of 11 honorary Directors plus CEO
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Regulatory Framework

- Associations Act
- Standards related to program service delivery
- Service level agreements
- Charitable organisations' regulations
- OSH and internal controls
- Local Government
- Risk management
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and how do we deal with it?
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Governance at St Bart’s

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Where we were at St Bart’s

Governance

• High level issues in 2004

• Received *highly commended* Award for Corporate Governance

• Identified the need for further improvement in governance and strategy
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Where we were at St Bart’s

Finance

• Poor financial compliance and reporting
• Qualified audit reports
• Treasurer and accounts team resigned en masse
• Board concerned about recent history of deficits
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Where we were at St Bart’s Board

• Well-meaning, but passive Directors
• Reactive Board
• Limited pipeline of Director candidates
• Inadequate operational procedures and Board policies
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St Bart’s Journey

- Kaizen philosophy
- Took an analytical approach
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Governance at St Bart’s

- What makes Boards effective?
- How do you decide what is important?
- How do you get Board buy-in?
- St Barts Governance Map
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Strategy 2006-2009

- **Situation/Issues**
  - New accommodation project
  - Constitution
  - Long-term strategic objectives
  - Expanding range of services numbers and type

- **Strategic Imperatives**
  - Ownership of land & buildings at Brown Street
  - Milestones for building development
  - Improving ourselves
  - Risk management
  - Continuous improvement policies and processes
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Board Review 2008

Cultural transformation from the Board down

- Be prepared
- Ask questions
- Think strategically
- Driving direction
- Creating momentum
- Improving continuously
- New committee structure
- Clear delineation between operational management and governance
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St Bart’s Journey

- Approach – facilitated strategic planning session with Directors and Senior Executives
- Outcome 1 – clear set of strategic imperatives for next 3 years
- Outcome 2 – cultural change required from Board down
- Outcome 3 – get the right people on the Board
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Strategy 2009-2012

Situation/issues
• Lime Street / Brown Street
• Capital Fund Raising
• Service delivery consistency and outcomes
• Aspire to be industry leaders
• Be an advocate for change

Interventions
• Steer construction of Lime Street / planning Lime Street
• Board and Foundation Directors aligned
• ‘Outcome Star’ client outcomes demonstrate improvement
• Preferred provider for Housing
• Implement national Homelessness Partnership agreements
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Outcomes

- Greater focus on strategy, governance and risk
- Focus on mission
- Improved internal processes
- Improved preparation and decision making
- Improved public image and understanding
- Strong management and leadership in most program areas
- Advocacy
St Bart’s Journey

- **Approach** – 1on1 meetings with Directors, facilitated strategic planning session, workshops around board effectiveness
- **Outcome 1** – refined strategic imperatives for next 3 years
- **Outcome 2** – improved Board’s internal processes and decision making
- **Outcome 3** – reviewed Board composition

**KEY PROGRAMMATIC AREAS**

- Strategic clarity
- Cultural transformation
- People
- Governance
- Reputation
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• How do you measure board effectiveness?
• Many possible levels:
  • Count board meetings
  • Count director attendance
  • Assess quality of input or decisions made
  • Evaluate contribution
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- St Barts Current Evaluation tool
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1. Review
2. Assess
3. Measure
4. Analyse & Discuss
5. Feedback
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1. Review
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Cycle:
- Review → Assess → Measure → Analyse & Discuss → Feedback → Review
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• **Where we are now?**
  • Board structure and Committees
  • Directors, CEO and Leadership Team
  • Cohesive leadership
  • Strong connection between Board and Executive Management and Leadership
  • Strong alignment and clear direction
  • Shared objective to achieve agreed results
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- Great People
- Knowledge and Expertise
- Focus on Critical Issues
- Raise Board Awareness
- Develop Constructive Board
- Build Organisational Reputation
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• Continuous improvement – takes a long-term approach
• You can’t fatten the cow on market day!
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References

• AICD Company Directors Course

• Directions 2011 – Current Issues and Challenges facing Australian Directors and Boards, Mallesons Stephen Jaques
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Other reading

• *The Advantage* by Patrick Lencioni
• *Built to Last* by Jim Collins & Jerry Porras
• *Good to Great* by Jim Collins
• *Great by Choice* by Jim Collins
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Questions?