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GOVERNANCE

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Slide 1

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WHAT IS GOVERNANCE

WHY HAS IT EMERGED

- A proven successful framework for assigning and defining management and governance roles
- Increased responsibilities on voluntary groups to ensure the organisation is sustainable and viable into the future
- Board/committee role and responsibilities require expertise and committment



WHAT IS THE DIFFERENCE

- Traditional boards/committees follow management divisions – micro managing operations and undermining the CEO
- The Governance model focuses on strategic goals, work to achieve the goals and reporting against the goals



WHY CHANGE?

- Demands greater organisational accountability
- The need to achieve more with fewer resources
- The growth of the 'management industry'
- The introduction of processes and concepts such as 'excellence' and 'quality' into organisational systems
- The sheer pace of change needed in order to survive an increasingly competitive and aggressive society

WHAT IS THE BENEFIT/KEY TO SUCCESSFUL GOVERNANCE

- All players are clear about their roles and responsibilities:

| | | |
|--------|-------|--------|
| BOARDS | | GOVERN |
| CEO'S | | MANAGE |

- Having clear Board/CEO policies



REASONS FOR ADAPTING TO GOVERNANCE

- Departure of the CEO
- Change of Board Chair
- Complaints about Board or Staff
- Inability to recruit Board members
- Meeting attendance shortfalls
- Change in relationship with funding body, sponsor, consumer
- Any major impact on the organisation



OTHER REASONS

- Board unaware of their role
- Board caught up in day to day administrative trivia
- Board meeting forum for program/staff feedback
- Absence of long term strategic focus
- Board impinges on managerial functions
- Board acting as a 'controller'
- Board controlled by staff



THE CEO

- Is the Board's most valuable resource
- Is the only staff position appointed by the Board
- The Board must develop and record policies in relation to the CEO position to create the boundaries for the work of the CEO – Limitation Policies



GOVERNANCE – THERE ARE TWO DIFFERENT JOBS

- Governance offers a framework for assigning and defining management and governance roles.

While

“the governing role is the development of policies to promote the recognised purpose of the organisation,
the managing role focuses on the enactment of those policies and the co-ordination of day to day activities designed to realise the purpose.”

(Kilmister, 1993, p.37)

WHAT ARE THE TWO JOBS

- BOARDS Govern
- CEO'S Manage



BOARD'S ROLE

- The key role is to ensure the organisation survives by establishing Board Operating Policies (**Board Governing Process Policies**) which clearly document what is expected of the CEO (**Limitations Policies**) and must set the future direction of the organisation (**Strategic Ends Policies**)
- They are entrusted by the association members to ensure the survival of the organisation – a moral and legal responsibility
- They operate on behalf of the constitutional owners (association members) and the moral owners (those who receive the services)

BOARD JOB....

- To be clear about the its job, decisions about the operation of the organisation must be documented.
- These policies are called Governing Process Policies – TOR, CoC, Meeting Process
- To ensure organisation survives/thrives – the Board must also strive/thrive, other Board Polices are developed – Board Recruitment, Board Induction, Effectiveness Review.
- The CEO is responsible for the establishing staff level operational policies that are consistent with Board Policy



BOARDS JOB

- The Board is legally responsible for the organisation and must ensure the organisation is soundly managed by the CEO.
- The establishment of Limitation Policies ensures the CEO is clear about what is acceptable in practice
- The CEO must work within these boundaries in the day to day operations

BOARD'S JOB

- Focus on 'big picture' – organisational survival and strategic directions - **Strategic Ends Policies** which include mission, vision, values, strategic plan (strategies and resource allocations)
- Leaves the management of the 'day to day' operations (within the boundaries est by Board Policies) which reflect the mission and values of the organisation that is:
 - **BOARDS GOVERN**
 - **CEO'S MANAGE**



WHAT MAKES A BOARD INEFFECTIVE

- Board unaware of their role
- Get caught up in day to day administrative trivia
- Board meetings forum for staff and program feedback
- Absence of long term focus
- Impinges on managerial functions
- Acts as the ultimate controller
- Controlled by the staff



LEGAL REQUIREMENTS OF THE BOARD

- Fiduciary Duty – act in good faith for the benefit and in the best interests of the organisation and its members
- Exercise their powers and discharge their duties with care and diligence of a ‘reasonable’ person in their position
- No requirement to have particular qualifications, but law does impose standards of financial competence



THE CEO

- The Boards must valuable asset
- Integral part of the management team
- Adhere to the Board Policies in the day to day management
- Provide the Board with the relevant information to assist their d/m
- Work in partnership with the Board to achieve the mission and purpose
- Report to the Board on progress against the strategic plan



WHAT ASSISTS GOOD GOVERNANCE

- Development of a document (Board Handbook) which includes information about the organisation and its operations.
Documents – constitution, strategic plan, budget, awards, agreements, certification
Board Policies – as identified
Organisaiton – history, structure, programs, facilities
Board Data – contact listing, biography, meeting schedule, acronyns



SUCCESSION PLANNING FOR BOARD

- Identification of skills and expertise required by the organisation to conduct the business
- Plan the recruitment process
- Think outside of the square
- Treat recruitment as a serious and important task
- Ensure ongoing Board development support succession planning



SUCCESSION PLANNING TIP

**“IT IS NOT WHAT YOU GET OUT OF
THE BOARD, BUT RATHER WHAT YOU
BRING TO THE BOARD TABLE”**



SUMMARY

- We can't assume what happened yesterday is going to happen today and tomorrow
- We now operate in a ever changing, highly regulated and competitive environment
- Organisations need to be more contemporary and dynamic to survive and thrive
- For this to occur there must be a clear framework in which we operate –
Governance is a way forward!

THANK YOU

For further information:

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