

## Governance and leadership



## Effective governance

An effective charity is run by a clearly identifiable trustee body that has the right balance of **skills and experience** to run the charity effectively, **acts in the best interests** of the charity and its beneficiaries, understands its responsibilities and has systems in place to exercise them effectively

## Strategic management



## Mission and objectives

- Opportunities and Threats/SWOT
- Strategic Business plan – balanced and considered
- Consider Action versus inaction

### Plans and Actions

- SMART
- Timely
- Specific
- KPIs
- Delegation

### Recording and Monitoring

- Assess if on track
- Communication
- Adjust and adapt

- What are your objectives?
- How will these been undertaken – what will you do and not do?
- How will you measure success?
- Key risks summary
- Clear linkage of budget with strategy

### Review and Reporting

- Budget holders and staff
- Trustees
- Externally and in Trustees report
- Effect on strategic plan – short and long term



A teal rectangular area with white text, positioned on the left side of the slide. It contains the definition of financial sustainability.

Financial sustainability  
is about generating  
resources to meet  
your needs now and  
in the future to deliver  
your ever evolving  
strategic plans



## Strategic planning

- Develop a clear understanding of your organisation's **value, identity** and **purpose**
- Use your organisation's mission statement to shape a resilient and realistic budgeting action plan to enable consistent **service delivery** in the short, medium and longer term
- Understand the importance of **strategic investment** in your charity and consider how you could implement this
- **Strong relationships** with trustees and key management are essential in successfully securing **funding that aligns** with your charity's strategic aims
- Policies and **whistleblowing procedures** – important to support the culture of the organisation

Integrate your  
USPs into your  
strategy



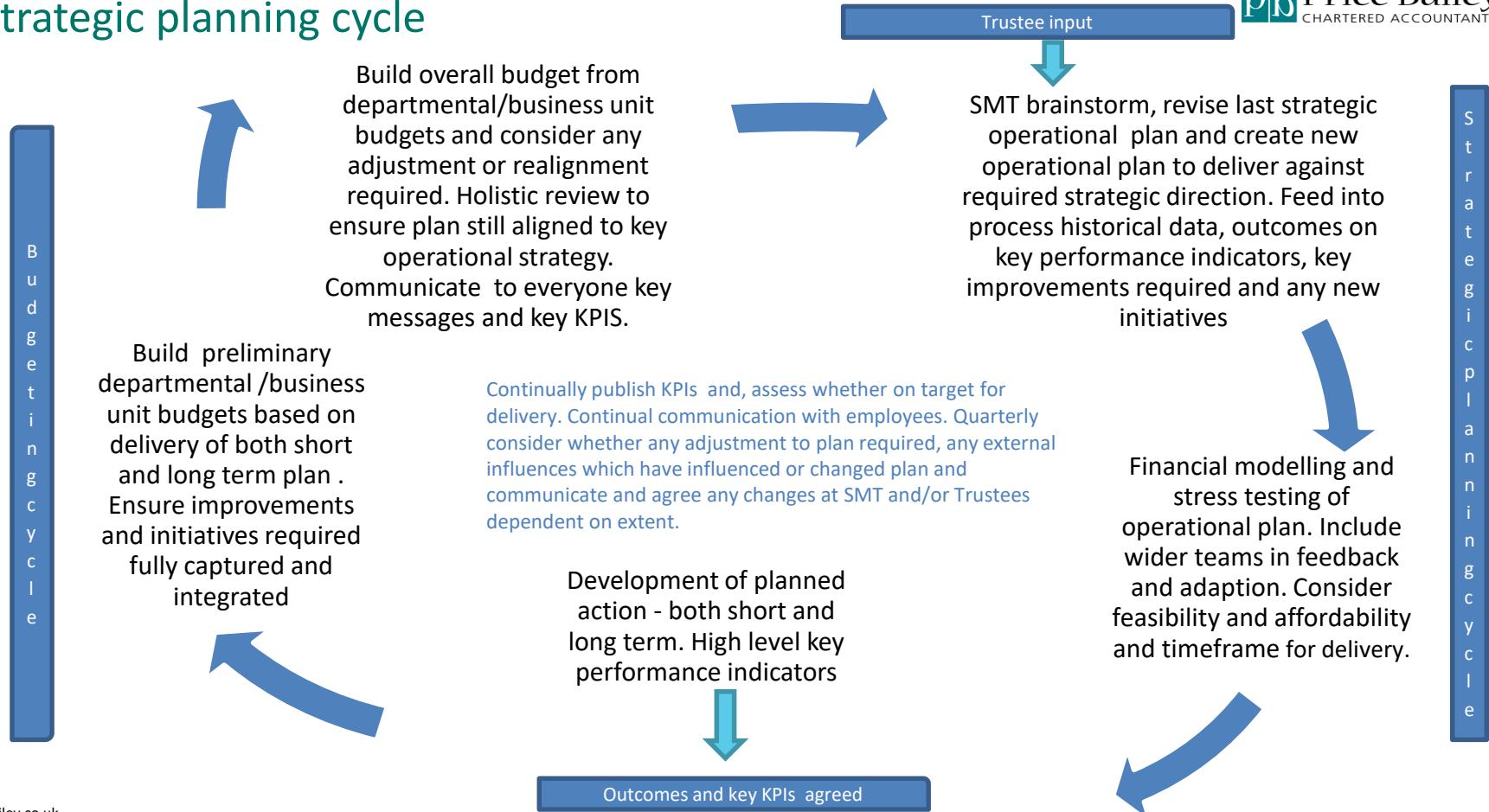
# Strategy on a page

Vision - Expression of Purpose		USP		Long term BGIs		Mid term BGIs		Monthly BGIs	
1		No, USP Added yet.							
2									
3		Defined Market Space							
4		No, Market Place Added yet.							
5		Company Promise							
		No, Company Promise Added yet.							

Purpose - Reason for being		Values/Principles - Stories		Long term strategy		Mid term strategy		Key Actions	
1		1		1		1		1	
2		2		2		2		2	
3		3		3		3		3	
4		4		4		4		4	
5		5		5		5		5	

# Strategic planning cycle



## Interpret your strategy

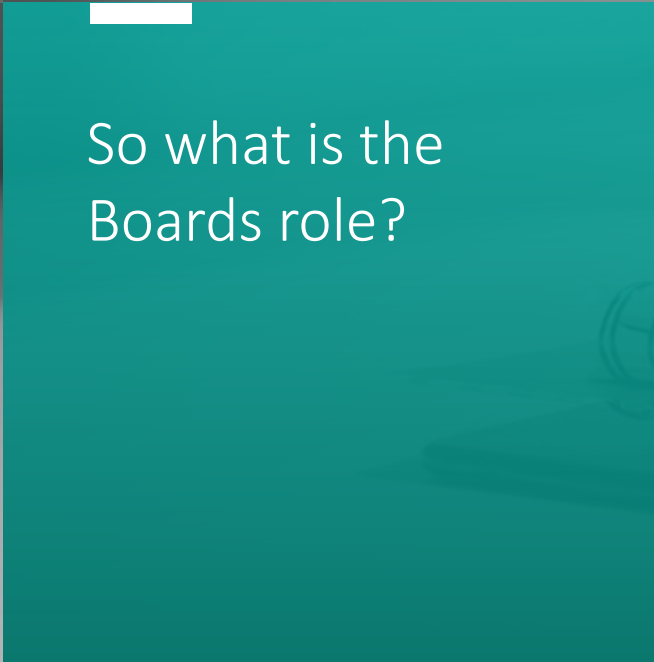
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Balanced scorecards or dashboards usually cover four typical areas:

1. Learning and growth
2. Governance or business processes
3. Customer (ie beneficiary)
4. Financial

- Balanced scorecards/dashboards - just part of the tools used to inform strategy - provide overview of performance
- Track key metrics in the process derived from strategic objectives
- Need to be high level and few in number so easy to see changes and implications
- Use charts, graphs, reports and summaries to make financial data accessible to all.
- Not a replacement of full reporting or financial information



A teal-colored rectangular overlay on the left side of the slide, containing the text 'So what is the Boards role?'.

So what is the  
Boards role?

## Skills and experience on Board

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Consider Equality,  
diversity and inclusion



## Be clear on roles and responsibilities

- Job/role descriptions and attributes
- Written code of conduct and ethics
- Officers – Chair, Vice-chair, treasurer
- Constant re-assessment – what skills and diversity needed?
  - Age, gender, diversity, charity representation
  - Business/Financial
  - HR
  - Legal
- Trustee appraisals?
- Rotation of trustees
- Manage conflicts of interest

## Tone from the top

Lip service leads to a  
dysfunctional organisation



## Be clear on roles and responsibilities

- Honesty
- Act with integrity and ethically
- **Follow the rules**
- Leaders are observed - so lead by positive example
- Be communicative – both formally and informally
- Ensure whistleblowing procedures in place and encouraged. Protection/anonymity of whistleblowers
- Training, employee handbooks and finance procedures
- Reward correct behaviours and those who uphold ethics/culture and take action on poor behaviours

## Your culture

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Its what you do not  
what you say



## What's your culture?

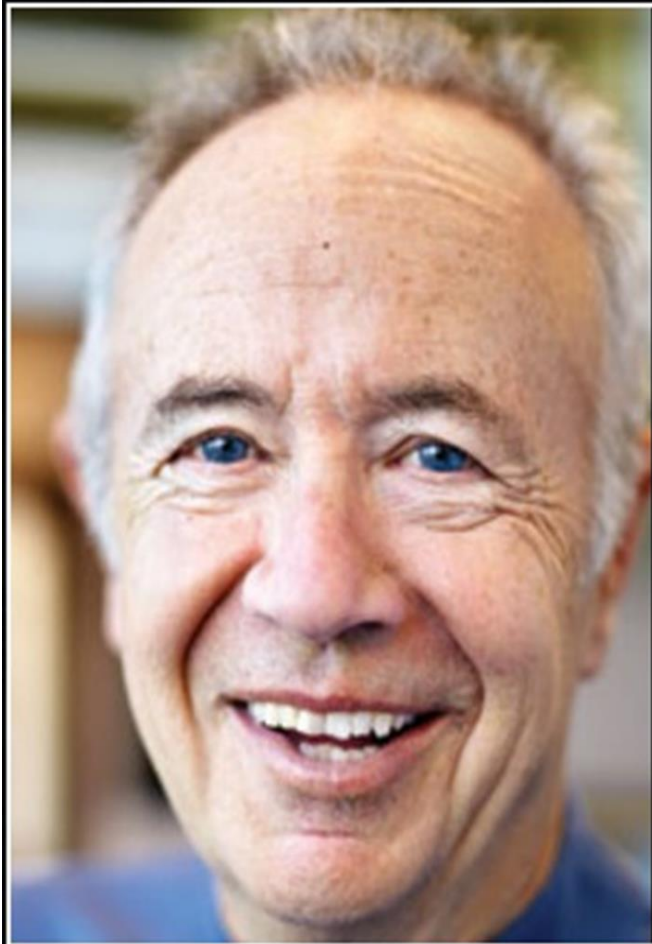
- Values – can you name them?
- Are these commonly shared and understood?
- How do you recruit? Purely around skills or also culture?
- Are your key management and trustees visible and accessible?
- Do you track employee perception of your organisation? Build the right training programmes and attributes in the team to develop your culture.
- Listen and observe....
- Do your employees trust your organisation?
- Do you know what needs to change to develop the culture you want?



The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.

— *Alvin Toffler* —

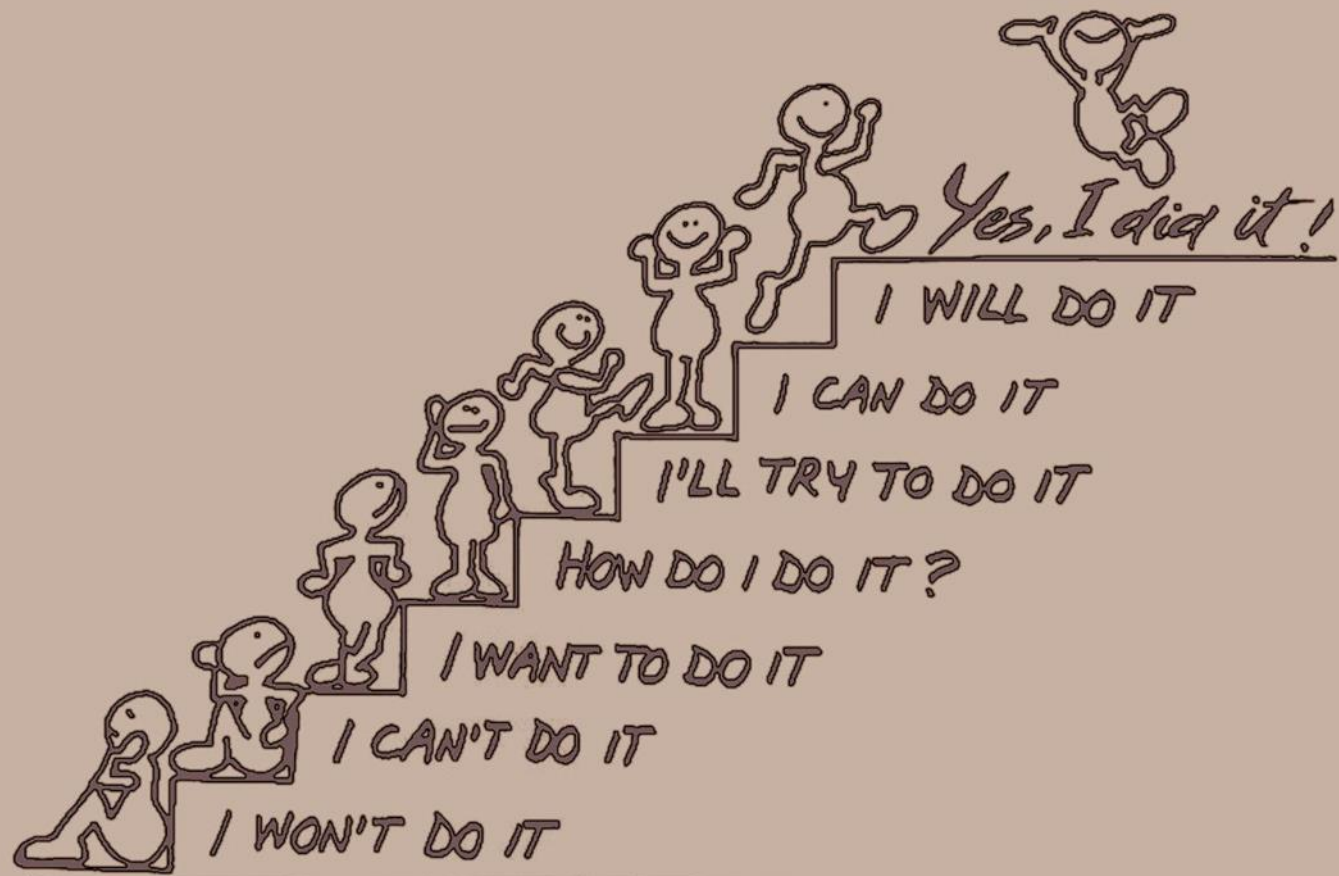




Success breeds complacency.  
Complacency breeds failure. Only  
the paranoid survive.

— *Andy Grove* —

AZ QUOTES



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WHICH STEP HAVE YOU REACHED TODAY?

# Growth Mindset

- **Avoid a fixed mindset**

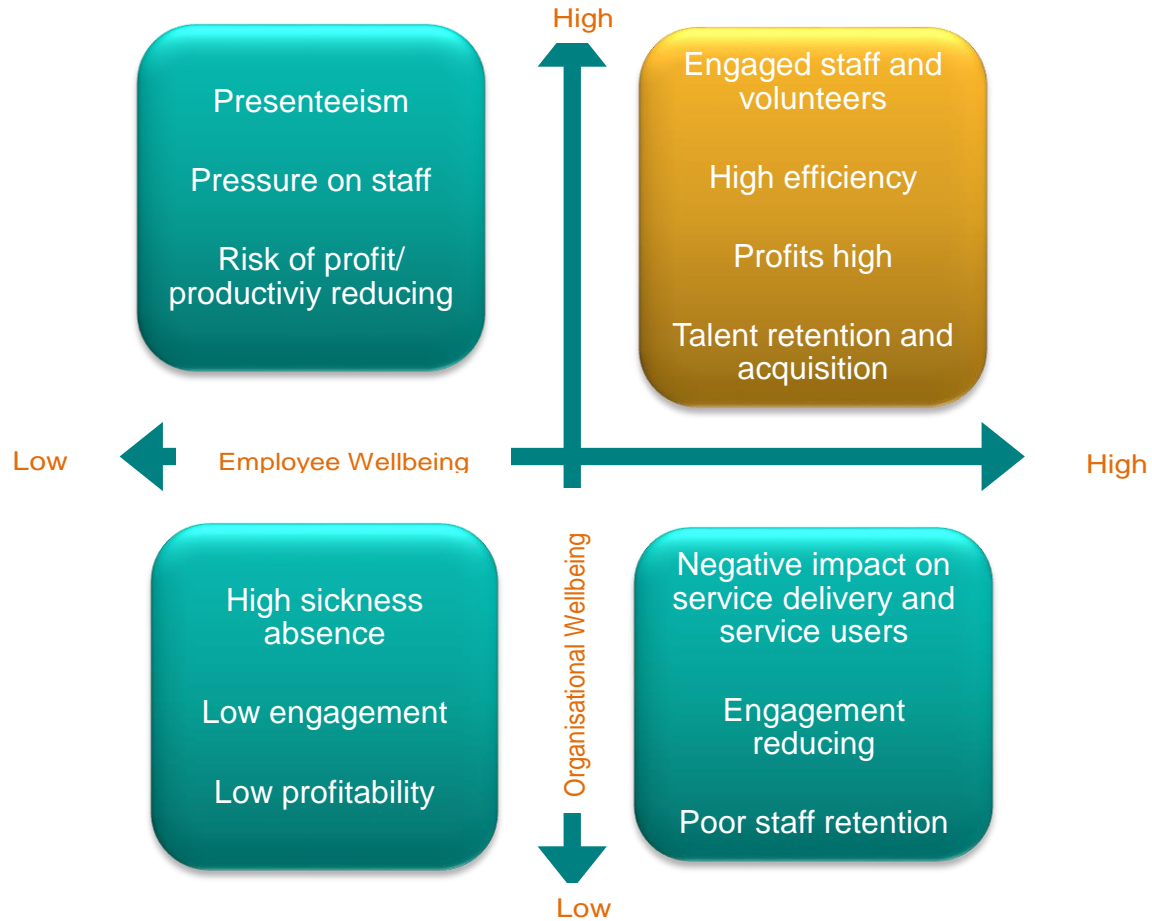
- Embrace change
- “Wash away old experiences”
- Avoid complacency
- Lets enjoy the challenge
- Learn from our mistakes
- Learn, unlearn and relearn
- Have fun and smile



Let's be positive and proactive



# Organisation vs Employee Wellbeing



## Trustees and your mission

- Do you understand your mission
- What do you do and **WHY?**
- How do you remain relevant and evolve and adapt your services to best use your resources?
- Do you listen to your management and employees?

If each Board member was asked to describe the charity and its key mission would you all say the same thing?



## Delegation and decision making

Trustees always retain **ultimate responsibility**

Follow governing document , constitution and any regulations

### Role of trustees

- governance – lead and direct
- decision making, oversight and supervision

### Role of senior management

- management – implement, deliver and day to day running

Need respect and **good working relationships**



Use **committees** – cover **detail**, able to **commit more time**, focus on specific **areas** or **projects**

## Focus on Mission

- Direction
- Priorities
- Achievement – measure impact
- Behaviours
  - Negotiate behind closed doors???
- Board dynamic

Partnership of  
SMT and Board

## Clear reporting structures

Clear scheme of delegation to committees as to their remit and authorisation limits

Reporting to Board

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## Usually have

Finance Committee  
detailed review finances, forecasts and cashflow. Can also cover risk or have separate committee

Income generation or fundraising committee  
income generation oversight

Remuneration committee  
setting CEO remuneration or dealt with by the Board

Others: audit, grant making, governance, clinical, investment, nominations, H&S etc



## Clear reporting structures

Do your employees know your 'mission' – all would say the something and agree with Board's definition?

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Organisational chart/structure

Affects financial but also operational management

Who makes decisions??

Does everyone understand the organisational structure, authorisation processes and delegated authorities?

Can employees bypass controls or authorisations?

What motivates your employees?



## Monitoring role

- Monitor performance
  - Operational – execution of approved plans
  - Strategic – meeting objectives set
  - Financial – achieving budget
  - Legal and regulatory compliance

## Critical function

- Remember your agreed KPIs  
- what does success look like



Importance of  
communication and  
relationships

Relationships



## Role of CEO and Chair

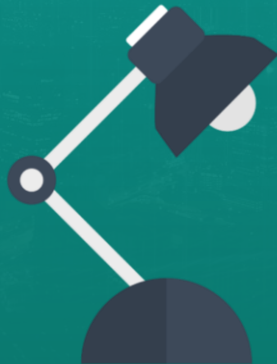
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- CEO
  - Champion of the Board – taking ownership of decisions
  - Leads/directs the staff
- Chair
  - Lead, initiate and facilitate discussions at Board
  - Engage, stimulate and inspire
  - Balance of appropriate time to air discussions versus timed agendas
- Work together
  - Cohesive top team
  - Promotes trust and confidence
  - Helps effective governance
  - To deliver the strategy

# Chair relationship with CEO

Understand your own style and behaviours



- Respect and feedback
  - Getting to know CEO, their knowledge and expertise and strengths and weaknesses
  - Common values and build trust not friendship
  - Shared goals on big ticket items at least?
  - Feedback and appraisal process
  - Assessing delivery of plan
- Delegation
  - Clear lines of communication and authority
  - Setting boundaries and not meddling
  - Freedoms but also sufficient accountability
- Time
  - Agree ways of working which suit both parties
  - Sufficient time for discussions with the CEO/staff
  - Needs to see bigger picture and delve into the detail as needed
  - Act as sounding board versus being too remote?

- Openness and transparency – build trust
  - No secrets, undermining or hidden agendas!
- Regular communication
  - Provide appropriate updates
  - KPIs and assessment
  - Involve the Chair?
- Timings of communication/feedback to Chair
  - Regular scheduled schedules?
  - Crisis management plan
- Relationship with Chair and Board
- Own Board approved strategy
  - Champion board decisions to staff and external parties

## Relationship of the CEO with the Chair



## Support and development

Relationship with Board/Chair

Role development and training

Weaknesses and competencies



## Strategy

Personal objectives – short and long

Performance and delivery

Barriers and solutions



## Accountability

As leader

Ambassador

Reporting

## CEO Appraisal

Deliverables/competencies –  
Board decision?

Sub committee?

Beware – Chair appraise CEO and  
CEO appraise Chair!

## Tensions can create toxic culture at Board level



### Lack of clarity

- Roles and seen interference/undermining
- Lip service
- Delegation
- Overview versus detail

### Trust

- Reporting
- Delivery
- Hijack meeting

### Divisions

- Cause disharmony at Board level
- Discomfort on decision making and taking sides
- Challenge –not just nod things through
- Too comfortable?

### Egos

The background of the slide features a teal vertical bar on the right side. On the left, there are several overlapping grey squares of different sizes. The main area is a light grey background with a blurred image of a white desk. On the desk, there is a small potted plant with green grass-like leaves, a black pen, a spiral-bound notebook, and a smartphone.

Collating the right  
data can transform an  
organisation

Collecting the wrong  
data can drive  
unwanted behaviours  
and decrease impact

## Effective reporting

- LEARN – what is working, needs fixing or needs improving and developing. Better or worse than planned? Do we know why?
- PERFORMANCE – challenge and exchange information with the staff, warning of problem areas and focus on key issues
- ATTENTION – on time and issues which matter most
- BALANCED – considers alternatives, highlights risks and makes recommendations

Facilitate  
transparency  
and  
accountability  
to inform  
decisions

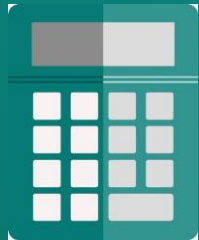
Necessary skills  
and knowledge  
– need expert  
advice?





## Having the right financial information

You need access to information to evaluate your key strategic risks and emerging trends in the organisation to make informed decisions



- How do you deliver your mission and monitor that?
- Do you understand the numbers?
- Is the income risk clear to the Board – how much is guaranteed, grant funded/contracted, in the pipeline or purely guestimated
- Do your management accounts explain income risk in the forecasts and future budgets
- Do you have a clear ‘scorecard’ which explains the numbers - items on track, ahead or behind



## Income versus expenditure

Management accounts need to track restricted versus unrestricted funds and flag restricted fund overspends urgently

Ensure full cost recovery

Financials needs to explain how strategy is being delivered – milestones achieved

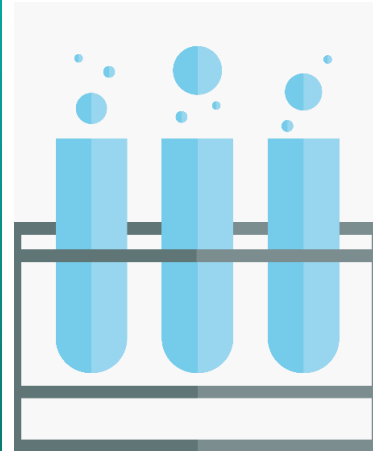
Do you have a 'summary' - balanced scorecard or dashboard - linked to strategy which informs decision making?

Income needs to be clearly explained in pots of confirmed, potentials being worked on and purely speculative

Boards need to know when to turn taps on and off on activity

Financial information should contain cash flows and balance sheets. Cash is king but also shows changes in assets or reserves which need attention

Does every Board member understand that summary and feel comfortable in its meaning?



Trusteeship is not just about reading Board papers and turning up at meetings

Understanding your business model and knowing what your key indicators mean will help you manage resources, your operational effectiveness and the impact delivered

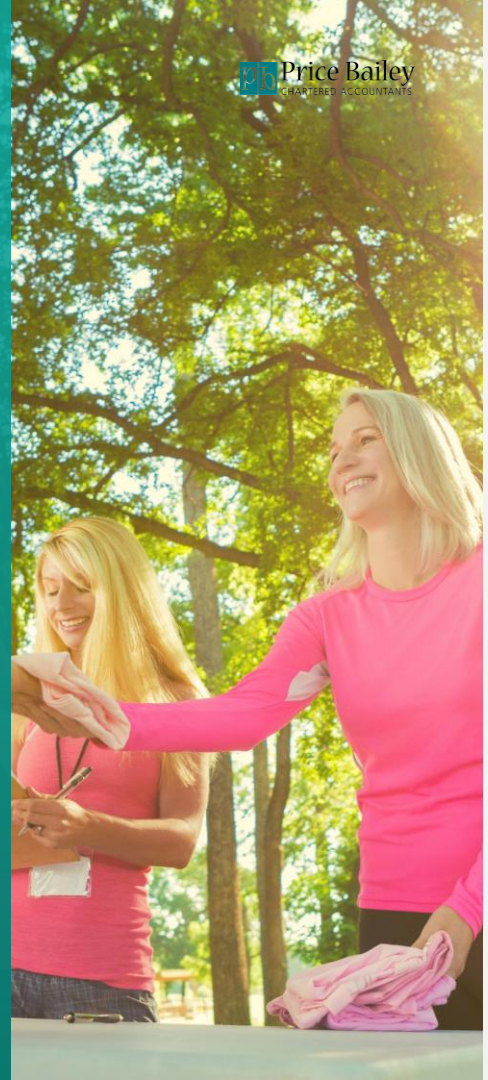
- All Trustees are responsible for understanding the strategy and how this will be tracked and funded
- Are reports received in advance so Trustees can prepare for the meeting?
- Trustees need to challenge delivery of impact – expenditure on its own is meaningless
- KPIs are historical so use information to drive future performance and improvements. Understand trends in the sector, internal/external drivers
- Should consider options for future sustainability and potential uses of reserves

## Current governance risks

- Lack of vision of your mission
- Lack of direction
- Reputational risk
- Conflicts of interest
- Poor staff morale
- Failure of trustees to fulfil their control functions
- Spiralling costs and potential challenges on income generation
- Slow reporting

## Potential impacts

- Mission drift and lack of impact
- It can close the organisation
- Loss of key staff
- Difficulty recruiting
- Poor decision making
- Unplanned use of reserves



## Governance risk mitigations

- Regular meetings
- Proactive not reactive
- Create strategic plans and budgets with KPIs that are monitored
- Timely and accurate reporting on financial and operational matters
- EDI, culture and tone of organisation
- Regular communication with staff
- Manage potential conflicts of interest
- Training programmes

Governance Code  
update - Dec 2020

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## Conclusions

Invest time in creating a strategic plan with its associated financial budgets and delivery

Identify criteria for success and how they will be tracked

Keep it 'live'

Evolve and  
adapt as  
circumstances  
change

Clear **trigger points**  
identified  
which require  
changes to  
the strategy,  
resources and  
how funded

Use graphs,  
charts, reports  
and metrics –  
make finances  
accessible



Income  
profile, risk  
and reliability  
- deal with  
issues early  
on





## Further considerations

- Management accounts need to track restricted versus unrestricted funds and flag restricted fund overspends urgently
- Ensure full cost recovery

Income and cost  
control –  
understanding the  
financial  
dashboard

Tough decisions

Ensure  
adequate  
explanations  
on budgetary  
and financial  
reports

- Boards need to know when to turn taps on and off on activity
- Financial information should contain cash flows and balance sheets.
- Cash is king but also need to understand changes in assets or reserves which need attention – are debars paying for instance?

Use  
committees  
with mixture of  
Trustees, staff  
and even  
beneficiaries  
to inform  
decision  
making



# Contact us



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