Tips & Tools To Re-engineer & Restructure Your Board
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Section One...

Governance in a Nutshell
What Is Governance?

Governance is a leadership process that is undertaken by the whole board and therein by individual board members.

Best practice boards use governance principles, policies, procedures, tools and resources to ensure individual board members and the whole board’s work is undertaken in the best interest of the organisation and in the best interest of its internal and external stakeholders, in particular their members or shareholders.
What Is A Board & The Purpose It Serves?

A Board is a group of skilled and experienced individuals appointed or elected to direct and control the company or association: the organisation.

The Board’s purpose is to translate the wishes of an organisation’s owners, its members/stakeholders or shareholders, into organisational performance.
What Is A Board & The Purpose It Serves?

The board is foremost a voice from ownership to management and only secondarily a link in the other direction.

The board should focus on what the organisation stands for, rather than what the organisation does.

Boards should focus on the organisational ends/results, whilst management develops and delivers the means/how.
What Are The Key Governance Roles & Responsibilities Of Boards?

Two Key Roles Of The Board:

First & Foremost:

Strategic Leadership

Moni ng & Review

Policy Decisions

Compliance & Coverage

Act in the best interests of the organisation.

Secondly & Importantly:

Strategic Leadership

Moni ng & Review

Policy Decisions

Compliance & Coverage

Ensure equitable support and/or resourcing for all internal & key external stakeholders.
What Are The Key Governance Roles & Responsibilities Of Boards?

Four Key Responsibilities of the Board:

1. Compliance & Coverage

Boards need to ensure the organisation is compliant (behaviours) with and has coverage (documentation and resources) against:

* Local, State & Commonwealth Governments’ Legislation & Regulation.
* Industry and/or Government Standards & Quality Systems.
* Contracts & Agreements etc.
* The Memorandum & Articles of Association or Constitution.
What Are The Key Governance Roles & Responsibilities Of Boards?

Four Key Responsibilities of the Board:

2. **Strategic Leadership**

The board needs to ensure that it, amongst other things:

* employs, works with and builds the relationship with the Chief Executive Officer.
* causes the development and driving of the vision, mission, values, core business, desired future, key result areas and organisational performance measures.
* keeps the organisation in mission or maintenance mode, not muddling mode.
* continuously monitors, understands and addresses the current and future internal and external challenges and opportunities facing or confronting the organisation.
What Are The Key Governance Roles & Responsibilities Of Boards?

Four Key Responsibilities of the Board:

3. Monitoring & Reviewing

The board needs to ensure that it robustly monitors the organisation’s performance on a monthly/quarterly basis against agreed performance categories such as finances, stakeholder satisfaction, quality, strategy and contractual outcomes and within each category the various key performance indicators.

The board also needs to ensure that it robustly monitors and reviews the agreed strategy (strategic plan) and how it is delivering the vision, mission, values, desired future and key result areas in light of the ever changing internal and external environments and available resources.
What Are The Key Governance Roles & Responsibilities Of Boards?

Four Key Responsibilities of the Board

4. Policy Decisions

A board should ensure that:

* all decisions are made and actions are undertaken against agreed governance principles, policies, procedures and indicators.

* they consistently use or develop new governance policies, procedures and indicators as they undertake their work.

* they annually review their existing governance documentation.
What Is The Framework That Creates The Behaviour Of Boards?

Board’s should work within a framework of:

* Constitutional documents
* Culture
* Agreements
* Legislation
* A governance system
How Do Boards Govern?

The Board develops Key Result Areas that are contained in the Strategic Plan.

The Key Result Areas are “The Ends”.

The CEO, Senior Management Team, Managers & Staff develop and implement the Strategic Objectives.

The Strategic Objectives are “The Means”.

The Board’s performance is measured using Key Performance Indicators.

The Board’s Key Performance Indicators are set against the Board’s Key Result Areas.

The Strategic Objectives are measured against agreed categories of measurement and therein Key Performance Indicators.

The Board measures the CEO, the CEO measures the Managers, the Managers measure the Staff.
Section Two...

As A Board, Where Are We?
Five Ways Boards Can Function

All boards have their own unique characteristics and behaviours which are driven predominantly by the organisation’s vision, mission, values and core business and the heads and hearts of board members.

Typically there are five styles or modus operandi that reflect the way boards operate.
### Five Ways Boards Can Function

<table>
<thead>
<tr>
<th>Working Board</th>
<th>Managing Board</th>
<th>Governing Board</th>
<th>Ratifying Board</th>
<th>Failing Board</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Service Manager</strong></td>
<td>Manager needs help or doesn’t</td>
<td>Highly skilled Chief Executive Officer</td>
<td>Board doesn’t do much</td>
<td>Loose board member</td>
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<tr>
<td><strong>Small–Medium organisation</strong></td>
<td>Board &amp; Management role confusion</td>
<td>Board governing, management managing</td>
<td>Board rubber stamps everything</td>
<td>Typically a financial mess</td>
</tr>
<tr>
<td><strong>Board managing</strong></td>
<td>Board sets tasks or projects</td>
<td>Focus on vision, mission &amp; values</td>
<td>Board in decline</td>
<td>Organisational is in muddling mode</td>
</tr>
<tr>
<td><strong>We are “a service”</strong></td>
<td>Board is hands on, gets hands in</td>
<td>Obtains &amp; implements governance system</td>
<td>Organisation is in maintenance mode</td>
<td>Board or management relationship strife</td>
</tr>
<tr>
<td><strong>Service mentality</strong></td>
<td>Focus on administration</td>
<td>Board know roles and responsibilities</td>
<td>Hands off the business</td>
<td>Walking backwards into the future, looking at the glorious past</td>
</tr>
<tr>
<td><strong>No Strategic Plan</strong></td>
<td>Short term horizon, reactive behaviours</td>
<td>Hands around the business</td>
<td>No governance system</td>
<td>Bereft of leadership</td>
</tr>
<tr>
<td><strong>Trying to raise $</strong></td>
<td>Board managing, management managing</td>
<td>Heads and hearts connected</td>
<td>All heart, little head</td>
<td>Board struggling</td>
</tr>
</tbody>
</table>

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**Service Manager**: Manager needs help or doesn’t

**Small–Medium organisation**: Board & Management role confusion

**Board managing**: Board sets tasks or projects

**We are “a service”**: Board is hands on, gets hands in

**Service mentality**: Focus on administration

**No Strategic Plan**: Short term horizon, reactive behaviours

**Trying to raise $**: Board managing, management managing
### Five Ways Boards Can Function

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<tr>
<th>Working Board</th>
<th>Yes</th>
<th>Partially</th>
<th>No</th>
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<tbody>
<tr>
<td>1. Unlikely to have a CEO, more likely to have a service orientated Manager or Co-ordinator, who has come up through the ranks.</td>
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<td>2. Typically a start-up or small organisation, usually a state based Association Incorporated legal entity.</td>
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<td>3. Board mainly doing the work of the manager/co-ordinator, acting as a management team rather than a board.</td>
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<td>4. Board heavily involved in the service, hands on in the business. “We are a service.” Confusion between board positions and volunteer positions.</td>
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<tr>
<td>5. Focus on day-to-day operations, a service/operational mentality, not an organisational mentality. Usually in mission mode.</td>
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<tr>
<td>6. Task oriented, immediate time horizon. No strategic plan, no risk management or performance management systems.</td>
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<td>7. Primary role of board is managing the service, recruiting volunteers and/or trying to raise funds/finances.</td>
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# Five Ways Boards Can Function

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<th>Managing Board</th>
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<tr>
<td>1. A dominating board which is management oriented, with limited understanding and no practical application of governance.</td>
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<td>2. Often in crisis management, with role confusion between board and CEO/Manager or board transitioning to governance.</td>
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<td>3. Board often knows a lot about the service, assigning tasks to the CEO/Manager. Inwardly focused, limited knowledge of the industry.</td>
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<td>4. Board is hands-on and proud of it and is challenged by the idea of governance. “What else will we do”?</td>
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<tbody>
<tr>
<td>5. Focus on administration, finances, services, clients, but not standards, quality, performance or strategy or competitors.</td>
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<tr>
<td>6. Intermediate time horizon reflected by operational planning/plans, limited to nil monitoring.</td>
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<tr>
<td>7. Primary role of board is making decisions, tightly controlling, in management mode. Usually in muddling/maintenance mode.</td>
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<tr>
<td>1. Competent to highly skilled and experienced CEO, who appoints competent to skilled and experienced managers. “We are a community business”</td>
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<tr>
<td>2. Transitioning to, or has arrived at a point where the board governs and managers manage. The focus is on getting the organisation into mission mode.</td>
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<tr>
<td>3. Board focused on vision, mission, values, desired future, key result areas and organisational performance. Company Limited By Guarantee.</td>
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<tr>
<td>4. Basic–comprehensive governance framework, system; principles, policies, procedures, indicators, toolbox and resources.</td>
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<tr>
<td>5. Moving to or is focused on strategic leadership, compliance and coverage, policy based decisions and monitoring and reviewing.</td>
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<tr>
<td>6. Board has its hands around the business, not in the business. Introduction and use of a comprehensive governance system.</td>
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<tr>
<td>7. Head and heart connected, solid relationship with CEO, formal training and self assessments, board budget.</td>
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</table>
# Five Ways Boards Can Function

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<thead>
<tr>
<th>Ratifying Board</th>
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</thead>
<tbody>
<tr>
<td>1. Employs a good CEO, stays out of the way, “thank goodness”. CEO knows it all, we don’t have to do much or put in much.</td>
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<tr>
<td>2. Board approves whatever the CEO presents, the rubber stamp gets a good workout.</td>
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<tr>
<td>3. Typically, an average organisation with average services, but the board is in decline or disarray.</td>
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<tr>
<td>4. Focus on stability, organisation is in maintenance mode. Tired old Constitution/Memorandum and Articles of Association.</td>
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</table>
## Five Ways Boards Can Function

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<tbody>
<tr>
<td>5. Hands off the business, know little about the service or budgets. Lazy, out of touch, unaware, either nothing or with diminishing attendance.</td>
<td>☐️</td>
<td>☐️</td>
<td>☐️</td>
</tr>
<tr>
<td>6. May have a few governance policies, but not used. Limited performance management. Poor accountability, board members who are old friends; the club.</td>
<td>☐️</td>
<td>☐️</td>
<td>☐️</td>
</tr>
<tr>
<td>7. Rubber stamp, in it for the status, something to do, “the feel goods”.</td>
<td>☐️</td>
<td>☐️</td>
<td>☐️</td>
</tr>
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## Five Ways Boards Can Function

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<thead>
<tr>
<th>Failing Board</th>
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</tr>
</thead>
<tbody>
<tr>
<td>1. Competent CEOs and board members leave, managers resign, poor attendance, high turnover. More turkeys than eagles. “It's hard to find board members”</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2. Often a financial mess, consumed by cashflow pressures. CEO/Managers stressed. Disagreements and division.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>3. Organisation or service is in muddling mode, quality or standards issues, little performance management. Government moving in.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>4. Relational strife between board members and CEO/Manager and or staff, distrust or disconnection. Power, politics and personalities, no vision, no desired future!</td>
<td>☐</td>
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<td>☐</td>
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</table>
## Five Ways Boards Can Function

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<th>Failing Board</th>
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</tr>
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<tbody>
<tr>
<td>5. “Walking backwards into the future looking at their glorious past”. Board usually way behind CEO/Manager and staff.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>6. Confused, aren’t sure what to do, no clarity of roles and responsibility. Bereft of sound leadership and direction.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>7. Board struggles, organisation barely survives, board is focused on organisational survival, limited knowledge of the industry.</td>
<td>☐</td>
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</tbody>
</table>
Section Three...

Welcome to the Australia Post NSW/ACT Small Business Awards

Re-engineering & Restructure Process & Tools
Step One: Establish The Need

The chairperson, chief executive officer and/or an individual board member either:

- reflects on the board’s governance behaviours, processes and tools against their own governance experiences and knowledge; or

- knowingly, or unknowingly recognises the need for better governance behaviours, processes and tools, but maybe unsure how to achieve these; or

- is part of, or recognises a board crisis and becomes focused on the governance issue/s and seeks solution/s. There is nothing like a crisis to get a board focused.

<table>
<thead>
<tr>
<th>Tips &amp; Tools</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Attend specific governance conferences.</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>* Undertake governance courses or workshops.</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>* Read current governance articles or presentations.</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>* Speak with board members from other organisations.</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>* Reflect upon what your board truly does, their behaviour, the processes they use, the timeframes or the items they discuss and the results they deliver.</td>
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</tr>
</tbody>
</table>
Step Two: A Sense Of Urgency

Are there like-minded board members or the chief executive officer with whom you can communicate your observations, reflections or concerns?

Document and present critical data or information which focuses:

- either on the potential, or actual crisis,
- or
- which presents opportunities and ideas for improvement in the board’s governance structure, systems, processes or tools.

The overall aim is to create a sense of urgency and required actions that cannot be avoided.

Tips & Tools

* Can I identify and communicate with key individuals who may be of the same opinion and be interested in my views?

* Can I prepare and communicate critical issues, information and possible potential solutions with power and dramatic effect to these key individuals through the use of a draft paper or a digital presentation?

* Do I understand the power, politics and personalities of my board?
Step Three: Form A Powerful And Guiding Coalition

Form a powerful and guiding coalition of key individuals who are prepared to:

- draw in other champions of change;
- present a paper or digital presentation to the whole board, which raises the critical issues and potential solutions;
- engage and educate remaining board members, thereby guiding the whole board to a common understanding and agreement for action.

Tips & Tools

* Have I contacted and discussed the situation and solutions with other champions of change?

* Have I amended my draft paper or digital presentation talking account of the feedback I received?

* Have the champions of change agreed on a paper or presentation strategy?
Step Four: Educate Directors To Understand Issues

Enable all board members to educate themselves and understand their own, and the whole board’s issues and ideas for improvement through:

- attending governance conferences;
- reading provided governance articles and presentations;
- meet with or have other organisations’ board members or consultant/s as guest speakers;
- undertake a Board Self Assessment or Governance Due Diligence Assessment.

The above are empowering ways to bring about self recognition as well as whole group recognition of the issues.

Tips & Tools

* Have I collect 12-24 governance articles and with each set of board papers sent out one article that is focused on a board issue that needs addressing? Directors are expected to read the article prior to the board meeting.

* At the board meeting can we spend a maximum of 10 minutes identifying and agreeing on the practical actions or improvements that can be implemented?
Step Five: Determine The Governance Model

Discussing and determining a board’s governance model is fundamental for the determination of board positions, numbers and skills, as well as appointing and—or nominating potential board members for members or shareholders to elect.

No matter what a board’s governance model, be it representative, state based, shareholder, regional or purely an elected model, determining the board positions and therein the required skillsets and mindsets can substantially contribute to the establishment of an excellent board.

Remember there is no one governance model that fits all boards.
Step Six: Determine The Core Business

A board and/or an organisation’s leadership group (board, chief executive officer, senior management group) should determine the organisation’s core business.

The core business is the organisation’s reason for being or ‘raison d’être’, not what products or services it develops or delivers.

A board should drive the core business whilst management and staff deliver the core business via the organisation’s various products and/or services, eg: high care, dementia care, day services, palliative care, low care etc.

Tips & Tools

* Does our board have an agreed core business statement?
* Is our board truly clear about the core business statement, what it means and its role in driving it?

Example,
Catholic Homes for the Elderly Victoria
Step Seven: Determine The Core Business Positions That Align to The Core Business

A board and/or leadership group should determine the organisation’s core business.

Align board positions to the core business.

Elect or recruit people with the appropriate skills, knowledge and experience to the positions.

A board drives the core business, whilst management and staff deliver the core business via the organisation’s products and services.
Step Eight: Determine Current & Future Board Skillsets & Mindsets

Using the reflections and results of a Board Self Assessment, Governance Due Diligence Assessment or board education is a powerful way for either the whole board, or individuals to determine if they should remain on the board.

At the heart of the matter either the chairperson or a Governance Committee of the board may need to ask individual members to:

- consider their future on the board
- step down from the board.

Tips & Tools

- Has the chairperson, whole board, individual board members or the Governance Committee determined:
  - who should stay
  - who should go?

- Rather than “pussy footing around” consider using a courteous, but focused approach to people directly and openly.

- Will board members remain whose hearts and heads are connected, not all head or all heart?
Step Nine: Determine Current & Future Board Skillsets & Mindsets

Once a board has been restructured, as a renewed entity, it should focus on its current and future governance structure.

Tips & Tools

* Have we discussed and documented our governance structure?

* Do we have Committees and Taskforces and do they have Terms of Reference?

* Do our Committees and Taskforces only undertake the work of the board not the Chief Executive Officer?
Step Ten: Terms Of Reference & Position Descriptions

Increasingly boards have position descriptions.

Both specialist positions and general positions of the board have position descriptions.

Such documents provide current and future directors with clarity about such matters as:

- specific details of the terms of reference;
- roles and responsibilities;
- objectives and outcomes;
- resources and timeframes.

Board committees and taskforces should have Terms of Reference.
Step Eleven: Develop Or Obtain a Governance System

Whether a board develops its own governance system or purchases a governance system, the key components of a comprehensive governance system are:

• Governance principles
• Policies, procedures and indicators
• Board position descriptions
• Terms of reference
• Articles and presentations
• Links and references
• Models and flowcharts
• Packages, tools and templates

Tips & Tools

* Does our board have a comprehensive, practical and easy to use governance system?

* Does it provide principles, policies, procedures, indicators, tools, position descriptions, terms of reference and resources?
Step Twelve: Develop A Board Plan Of Action

With the renewed/new board now in place the whole board, or majority of board members prepared to take action, key questions can be raised:

• what are the remaining governance issues to be addressed and what are the actions to be undertaken?
• who will facilitate and guide the process of board development?
• have we the necessary skills, knowledge and experience to address these issues and actions?
• what are the resource requirements and timeframes?

A Board Plan of Action may be developed and incorporated in the Board Annual Program of Work.

**Tips & Tools**

* Discussing issues is one thing, documenting is another; documentation assists in communication issues and actions and recording the process and timeframes.

* Develop a concise Board Plan of Action; actions may be transferred into the Board Annual Program of Work.

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<thead>
<tr>
<th>Board Plan of Action</th>
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<tbody>
<tr>
<td><strong>Action</strong></td>
</tr>
<tr>
<td>Read governance articles and attend conferences</td>
</tr>
<tr>
<td>Identify how we are governing</td>
</tr>
<tr>
<td>Develop a project brief</td>
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<tr>
<td>Identify and contract a Consultant</td>
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## My Next Actions

<table>
<thead>
<tr>
<th>Actions</th>
<th>Who</th>
<th>Time</th>
<th>Status (To Do, Underway, Done)</th>
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"SS COMMUNITY BUSINESS"

Governing Like Admirals on "SS Community Business"

“Boards Govern, Managers Manage”

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Mobile: 0418 130 581
Email: ASSPL@bigpond.com