Governance and NGOs
Strengthening the Board

New Partners Initiative Technical Assistance (NuPITA) Project

June 2011

Contents

NGO GOVERNANCE WORKSHOP FOR BOARDS OF DIRECTORS

PURPOSE

This workshop is designed to build the capacity of boards of directors and support them in developing and sharing models of good governance practice.

GOALS

To support leaders for governance among members of boards of directors

To develop the skills and knowledge needed to implement NGO governance

PARTICIPANT PROFILE

Participants at the workshop will be board directors and chief executive officers of NGOs who wish to further build their capacity in areas such as:

Providing leadership as board members of an NGO
Establishing and defending the organizational mission and values
Supporting and supervising the organization's chief executive officer
Providing financial oversight and planning
Overseeing and supporting strategic planning
Developing sustainable resources
Managing or overseeing internal controls and risk management
Monitoring the organization's activities and portfolio
Promoting and enhancing the organization's image
Reviewing the board of directors' performance

METHODOLOGY

The workshop's experience-based activities are designed to promote full participation, mutual understanding, inclusive solutions, and shared responsibilities.

DEFINITION

We use the term "the board" to mean the organization's governing body. In your organization it may be called the board, the trustees, the management committee or some other name. It is the body with overall responsibility for governing the organization, overseeing and controlling its management.

NGO GOVERNANCE OVERVIEW

SESSION 1: INTRODUCTIONS AND EXPECTATIONS

SESSION 2: PRINCIPLES OF GOVERNANCE AND BOARDS OF NGOS

- Accountability, responsibility, transparency, and fairness

- The relationships between the board, management, and the stakeholders

SESSION 3: A BALANCED BOARD

- Composition of a balanced board

- A checks-and-balance system

SESSION 4: BOARD STRUCTURES, ROLES, AND PROCEDURES

- The board charter and by-laws

- The difference between managing and directing

- The role of the chairman, financial officer, and board secretary

- The role of the committees

- Managing an effective board meeting

SESSION 5: BOARD LEADERSHIP, DUTIES, AND RESPONSIBILITIES

- Duties and liabilities

- Setting strategic priorities

- Financial oversight

- Overseeing, supporting management

- Advocating for and representing the organization

SESSION 6: BOARD MEMBERS LEADING CHANGE

- Board Progression Matrix

- Board Action Plan

WORKSHOP AGENDA

DAY ONE	
08:30 – 09:00	Registration
09:00 – 10:00	Session: 1 Introductions and Expectations
10:00 – 10:15	Coffee Break
10:15 – 13:00	Session: 2 Principles of Governance and Boards of NGOs
13:00 – 14:00	Lunch
14:00 – 15:30	Session 3: A Balanced Board
15:30 – 15:45	Tea Break
14:45 – 17: 15	Session 4: Board Structures, Roles, and Procedures
17:15 – 17:30	Wrap up
DAY TWO	
09:00 – 10:30	Session 5: Board Leadership, Duties, and Responsibilities
10:30 – 10:45	Coffee Break
10:45 – 13:00	Session 5: Board Leadership, Duties, and Responsibilities, continued
13:00 – 14:00	Lunch
14:00 – 15:30	Session 6: Board Members Leading Change
15:30 – 16:00	Workshop Evaluation and Closure

The materials covered in this package offer a full range of topics for board development. It is presented in the agenda above as a two-day workshop. However, members of governing boards are seldom able to dedicate even two days a year to board development. Trainers are advised to conduct a needs assessment with their clients and identify which topics in the package are of most interest. Once sessions have been selected, the trainer can expand or contract them to meet the board's priority needs in the timeframe that is being allocated. For this reason, the trainer's notes – which can be shared with participants – have no time slots.

The handouts in this package are the tip of the information iceberg. They provide trainers with focus and the workshop participants with organized, supplementary information. Trainers using this package need to be knowledgeable in matters pertaining to board governance, ready to add their own stories of board development and invite participants to share their experiences as members of governing bodies.

WORKSHOP DESIGN

The sessions are designed in a 4-step approach:

- Step 1 gives workshop participants opportunities to share/reflect on their own personal experiences as members of boards.

- Step 2 gives the trainer the opportunity to discuss and share information with participants.

- Step 3 gives workshop participants opportunities to strategize and plan to deal with the problems/issues/topics under discussion.

- Step 4 gives workshop participants opportunities to share the main messages of the session and the steps they commit to take to improve the efficiency of their board.

SESSION I: INTRODUCTIONS AND EXPECTATIONS

Welcome and opening remarks

Introduction of trainer

Introductions of participants

Expectations of participants

Workshop goals and agenda

Workshop norms

SESSION 2: PRINCIPLES OF GOVERNANCE AND BOARDS OF NGOS

SESSION OBJECTIVES
- Define and explain the key principles and elements of good governance systems
- Explain how a governance framework works effectively within an organization
- Define the case for governance within an organization

STEP 1
Table groups discuss definitions of governance, choose one definition and in a plenary discussion share their reasons for their choice. **HANDOUT 1**

Trainer asks why does an organization need a board? **HANDOUT 2**

STEP 2
Trainer presents the following information asking participants to give examples of each of the principles in action in the context of their board. **HANDOUT 3**

PRINCIPLES OF GOVERNANCE			
ACCOUNTABILITY	TRANSPARENCY	RESPONSIBILITY	FAIRNESS
STRONG BOARD COMMITMENT TO GOVERNANCE			

Trainer and participants discuss the chart below and clarify the difference between "agency" and "stewardship." **HANDOUT 4**

The Principle Actors in the Governance Systems of an NGO
CLIENT COMMUNITIES   MANAGERS   THE BOARD

Trainer and participants discuss points of tension between the Board, management, stakeholders and influences and how to overcome them. **HANDOUT 5**

STEP 3
Participants work in table groups to present a role play on marshaling arguments to convince a chairman of a board who is reluctant to establish a culture of governance in the organization.

STEP 4
Participants
- Review objectives
- Share take-aways from the session

HANDOUTS FOR SESSION 2

HANDOUT 1: DEFINITIONS OF GOVERNANCE

HANDOUT 2:   WHY DO NGOS AND CSOS NEED BOARDS OF DIRECTORS?

HANDOUT 3: THE PRINCIPLES OF CORPORATE GOVERNANCE

HANDOUT 4: THE PRINCIPLE ACTORS IN THE GOVERNANCE SYSTEM OF AN NGO

HANDOUT 5: WHO ARE THE STAKEHOLDERS? WHAT ARE THE IFLUENCES?

HANDOUT 1: DEFINITIONS OF GOVERNANCE

1. Governance is concerned with processes, policies, procedures, systems and practices, both formal and informal, the manner in which they are applied and followed, the relationships that these processes create or determine, and the nature of these relationships.

   -African Family Association, Kenya

2. Governance is concerned with the ethical principles, values and practices that facilitate holding the balance between economic and social goals and between the individual and communal goals. The aim is to align as nearly as possible the interests of individuals, organizations and society within a framework of sound governance and common good.

   -African Union NEPAD

3. Governance involves a set of relationships between an organization's management, its Board and other stakeholders. Governance also provides the structure through which the objectives of the organization are set, and the means of attaining those objectives and monitoring performance are determined.

   -Organization for Economic Cooperation
   and Development

4. Governance means 'leadership, sustainability and corporate citizenship.

   -The King III Report from South Africa

HANDOUT 2: WHY DO NGOs AND CSOs NEED BOARDS OF DIRECTORS?

1. Boards are often required by law.

2. Boards provide oversight functions

3. Boards promote the organization's mission

4. Boards help raise funds

HANDOUT 3

THE PRINCIPLES OF GOVERNANCE

ACCOUNTABILITY	FAIRNESS	TRANSPARENCY	RESPONSIBILITY
Ensure management is accountable to board Ensure board is accountable to stakeholders Ensure overall accountability for actions and use of resources to donors, legal authority, employees	Protect stakeholders rights Treat all stakeholders equitably Provide redress for violations	Provide open leadership Ensure timely, accurate disclosure on financial situation, performance, stewardship, and governance	Recognize stakeholders' rights Encourage cooperation in meeting NGO goals Ensure leadership is capable, responsible, representative, conscious of its obligations Ensure effectiveness and efficiency in the use of resources and in getting results

Adapted from: Corporate Governance Board Leadership Training Resources Kit
International Finance Corporation, World Bank Group.

HANDOUT 4

The Principle Actors in the Governance Systems of an NGO

<table>
<tr><td colspan="2" align="center">**CLIENT COMMUNITIES**</td></tr>
<tr><td>Client communities provide **social and human capital** to managers</td><td>Client communities **advise** the Board</td></tr>
<tr><td>Managers act as **agents** for client communities</td><td>Directors act as **stewards** for communities</td></tr>
<tr><td>**MANAGERS**
Managers report to the board</td><td>**THE BOARD**
The board oversees managers</td></tr>
</table>

Governance issues/tensions arise from the roles of agency and stewardship. Agency involves the transfer of capital from the beneficiaries to the control of the managers. Stewardship refers to the directors' role as guardians of the NGO's assets

HANDOUT 5

A GOVERNANCE SYSTEM		
Who are the other stakeholders?	**Who are the primary stakeholders?**	**What are the influences?**
Clients/participants in projects		Laws and regulations
Donors	**The Board**	Media
Sponsors		Accounting/audit standards
Suppliers	**Management**	NGO codes of governance
Partners		NGO networks
Sub-contractors	**Employees***	
Government		

SESSION 3: A BALANCED BOARD

SESSION OBJECTIVES
- Define a balanced board
- Identify the characteristics of a well-functioning checks-and-balance system
- Define the steps that boards can take to strengthen a system of checks-and-balance

STEP 1
Trainer facilitates table group discussion followed by plenary sharing
- Why do you serve on this board?
- What strengths do you bring to the table?
- How balanced is your board?

STEP 2
Trainer asks
- What are the characteristics of a balanced board? **HANDOUT 1**
- What's a system of checks-and-balances? **HANDOUT 2**
- How do checks-and-balances operate in the context of an NGO board?

Trainer presents the following information and discusses how power imbalances can diminish the effectiveness of boards. **HANDOUT 3**

What's driving your board?	Who's got the power?
PERSONALITY	PEOPLE
PERFORMANCE	POLICY

STEP 3
Participants work in table groups on scenarios and present in plenary their solutions to the following issues. **HANDOUT 4**
- Lack of succession planning
- Lack of recruitment guidance
- Lack of renewal training opportunities
- Lack of annual board evaluation

STEP 4
Participants
- Review learning objectives
- Share take-aways from the session
- Share actions they will take as a result of the session

HANDOUTS FOR SESSION 3

HANDOUT 1: Definition of "team"
How many people should be on a board?
Director skills, experience, attributes for a balanced board

HANDOUT 2: A system of checks and balance

HANDOUT 3: What's driving your board? Who's got the power?

HANDOUT 4: Scenarios

HANDOUT 1

A real team is a small number of good people with complimentary skills who are equally committed to a common purpose clear performance goals and a joint approach for which they hold themselves mutually accountable.

-Laurance Kuper

HOW MANY PEOPLE SHOULD BE ON THE BOARD?
This depends on the size of the organization. On average small to medium organizations have 5 to 7 board members. Organizations should choose a board size that will enable them to:

- Hold productive, constructive discussions
- Make prompt, rational decisions
- Efficiently organize the work of its committees, if these are established
- Ensure that the organization operates effectively

Note: Having an odd number of board members has been shown to keep the system of checks and balances in good working order.

DIRECTOR SKILLS, EXPERIENCE, ATTRIBUUTES FOR A BALANCED BOARD
- Financial expertise
- Relevant development experience
- Legal expertise
- Representatives of key stakeholders
- Honesty and integrity
- Gender distribution
- Age distribution

HANDOUT 2

A SYSTEM OF CHECKS AND BALANCES

1. **CORPORATE:** Internal control mechanism that guards against fraud and errors due to omission. In a system with checks and balances, the authority to make a decision, and the associated responsibility to verify its proper execution, is distributed among different departments. These departments are kept logically and physically apart, and no one department can complete a transaction all on its own. For example, the purchasing department orders goods, the stores-department receives and compares them with the respective purchase orders, the quality assurance department inspects and verifies their quality, the accounts department verifies the invoice amount, and only then the comptroller authorizes the payment for the purchase. This process emphasizes interdependence without interference, and creates a data trail or paper trail for auditing.

2. **GOVERNMENTAL:** Extension of the separation of powers doctrine, under which each branch of a government can (if necessary) counter the actions or decisions of the other branches. This arrangement ensures transparency, and prevents domination of the government by any branch. In the U. S. the branches of government are the executive, legislative and judicial.

3. **AN NGO BOARD? WHAT CHECKS AND BALANCES DOES YOUR BOARD HAVE? CAN YOU GIVE EXAMPLES?**

HANDOUT 3

What's driving your board? Who's got the power?	
PERSONALITY **Features** ☐ Driven by results ☐ Strong iconic leadership ☐ Use passion to exert power ☐ Often strong, task-focused chair and/or CEO **"Trust me"** Benefits and challenges: ☐ Nimble, rapid decisions ☐ Risk taking, innovative ☐ Leader can alienate ☐ No empowerment ☐ Always changing, can overreach **Greatest fear**: Power sharing	**PEOPLE** **Features** ☐ Driven by relationships ☐ Family atmosphere ☐ Use relationships to exert power ☐ Often highly creative and people-oriented chair and/or CEO **"Involve me"** Benefits and challenges: ☐ Consensus-driven, team ☐ Loyalty encouraged and rewarded ☐ Resists "outsiders" (= non-family) ☐ Resists change ☐ Difficulty setting priorities and taking risk **Greatest fear**: Division
PERFORMANCE **Features:** ☐ Driven by best practices ☐ Replication of tasks ☐ Use reason and measures of performance to exert power ☐ Chair or CEO is often a peacemaker and consensus builder **"Show me"** Benefits and challenges: ☐ Facts, benchmarks, results are key ☐ Systematic ☐ Undervalues people with divergent views ☐ Not as innovative as could be ☐ Benchmarking can be circular **Greatest fear**: Taking risks	**POLICY** **Features:** ☐ Driven by rules and policy ☐ Bureaucratic ☐ Use rules to exert power ☐ Chair or CEO is often very analytical and precise **"Tell me"** Benefits and challenges: ☐ Cautious and slow decision-making - traditional approaches ☐ Clear, routine, focus ☐ Traditional ☐ Resistant to change, outsiders **Greatest fear**: Changing the system

Adapted from the Canadian Cooperative Association

HANDOUT 4

The following scenarios illustrate the difficulties that can arise when the board is thrown off balance because board members are entrenched; recruitment processes are not geared towards maintaining a diverse board; board members have no way of keeping up with a changing development landscape; or the board does not evaluate its performance.

SCENARIO 1
The chairman of the board is also the founder of the organization. Thanks to her drive and commitment the organization has grown to its current size and strength. However, the chairman monopolizes all decision-making and is constraining the pursuit of further growth.

What should the board do?

SCENARIO 2
Several key members of the board recently retired because of illness, age or family pressure. The board cannot reach consensus on the type of person it would like to recruit to replace them. Some see this as an opportunity to bring in a "new generation" with different ideas. Others would like to keep to a more familiar profile and not recruit "outsiders".

What should the board do to resolve this dilemma?

SCENARIO 3
Your organization recently applied for but lost a bid for a sizeable grant. The feedback your organization received is that its approach lacks innovation and the capacity to deal with a changing environment. As board members you realize that you have been resting on your laurels and not kept up-to-date new trends in development, nor have you been supporting the executive director's effort to introduce programmatic innovation.

What should the board do now?

SCENARIO 4
A key member of the board has threatened to resign unless the board puts in place an annual evaluation of its performance. This has caused consternation on the board. Some members believe that a formal evaluation process would illustrate a lack of trust in the board; some think it would be too stressful; some fear that they might subsequently be asked to leave the board.

What should the board do?

Session 4: Board Structures, Roles, and Procedures

SESSION OBJECTIVES
Describe the roles of chair, secretary, treasurer
- Explain the differences between managing and directing
- Describe the functions of board committees
- Explain the different roles of board members before, during, and after a board meeting

STEP 1
Trainer presents the following chart and asks participants to complete it by listing what can be found in their organization's by-laws. In plenary participants share their experiences on the importance of well-functioning by-laws. **HANDOUT 1**

Articles of Association/Articles of Incorporation/Charter/Constitution	
Provide the legal basis for the organization	
Specify the organization's purpose	
Describe the role, rights and responsibilities of the board	
By-laws supplements the articles of association and describes the composition and procedural operations of the board	**What can be found in your organization's by-laws?**

STEP 2
Trainer presents information and facilitates discussion on the following topics:
- Roles of chair, secretary, treasurer **HANDOUT 2**
- Difference between managing and directing **HANDOUT 2**
- Roles of committees: Executive – Finance/Audit – Nominations – Governance – Development – Public Relations – Programs **HANDOUT 3**
- Managing an effective meeting: responsibilities before, during and after a board meeting. **HANDOUTS 4 and 5**

STEP 3
Role play – Divide participants into three small groups. Ask everyone to read the role play –**HANDOUT 6.** Ask Group 1 to prepare one of their group to play the role of the chair; Group 2 to prepare one of their group to play the role of the executive director, and Group 3 to prepare one of their group to play the role of the dissenting board member.

STEP 4
Participants
- Review learning objectives
- Share take-aways from the session
- Share actions they will take as a result of the session

HANDOUTS FOR SESSION 4

HANDOUT 1: Articles of association and by-laws

HANDOUT 2: The roles of the chair, board secretary, and treasurer
The differences between managing and directing
Responsibilities of the board of directors and management team
of the organization

HANDOUT 3: The roles of the committees

HANDOUT 4: A sound decision-making environment

HANDOUT 5: Roles, responsibilities before, during, and after a board meeting
Challenges and solutions to preparing for, conducting and following up
on effective board meetings

HANDOUT 6: Role play: Dissent or consensus?

HANDOUT I

Articles of Association Provide the legal basis for the organization, specify the organization's purpose describe the role, rights and responsibilities of the board	Law prescribes the form and content of articles of incorporation. Although requirements vary from country to country, typical items required in articles of incorporation for an NGO include: • Name of the organization. • Duration of the organization (usually perpetual). • Purpose for which the organization is formed. • Provision for conducting the internal affairs of the organization. • Names and address of the incorporators. • Address of the initial registered office and name of the initial registered agent of the organization. • Provision for distribution of the assets of the organization on dissolution.
By-laws supplements the articles of association and describes the composition and procedural operations of the board	These provisions vary from country to country but usually address: • General assemblies • Maximum and minimum number of board members • The number required for a quorum • Minimum number of meetings per year • Terms and term limits of board members • Appointments, powers and duties of directors and the CEO • Procedures for removing a board member • Conflict of interest policy • Board liabilities • How a special or emergency board meeting may be called • How a committee may be created or dissolved • What committees exist, how members are appointed and what powers if any • Board proceedings • Appointment, powers and duties of the board secretary • Accounts and audit • Special provisions associated with winding up the organization

HANDOUT 2

Role of the chair   Leads board to fulfill its responsibilities, sets strategic direction, plans and leads board meetings, plans and signs off on board agenda, structures board committees and reviews reports from committees, hires, fires, and supervises CEO, ensures board assessment, oversees the budget, acts as spokesperson for the board.
Role of the board secretary   Advises the chair on the agenda, sets annual calendar for board meetings, sends packets of information to board members prior to meetings, keeps minutes of meetings and records of board decisions, arranges logistics for board meetings.
Role of the treasurer   Takes lead responsibility for overseeing financial affairs of the organization, presents and explains budgets and financial reports to board, leads finance or audit committee.

The difference between directing and managing	
DIRECTING	**MANAGING**
Collective decision-making	Individual decision-making
Fulfill duties and responsibilities to organization and stakeholders	Fulfill duties and responsibilities specific to department
Develop and/or approve vision and strategy	Develop and implement vision and strategy
Approve, abide by ethics code	Abide by ethics code
Signoff of financial statements, annual reports etc.	Prepare financial statements, annual reports etc.

Responsibilities of the board of directors and management team of the organization	
Board responsibilities	**Management team responsibilities**
Define the organization's vision and mission Set strategic direction, approve strategic plan and business plan Review and approve policies developed by management Hire, evaluate, fire (if necessary) CEO Provide financial oversight Review and approve budget Lead in fund-raising Represents the organization publically	Disseminate vision and mission Develop strategic plan and business plan Develop work plans based on strategic plan Develop policies and manuals (e. g. HRM, ethics) for board consideration and approval Provide board with financial reports Develop budget Assist in fund-raising, develop resource mobilization plan Represents the organization publically

HANDOUT 3

Roles of Board Committees
Executive Committee: Usually made up of chair, vice-chair, secretary, and treasurer. Helps make decisions and solve problems between scheduled board meetings.
Finance or Audit Committee: Composed of treasurer, CEO, and other board members with financial skills (accountants or auditors). Oversees budgets, advises board on approval of overall budget and capital expenditures, ensures that independent audits take place.
Risk Committee: Sometimes combined with audit committee. Analyzes risk and contributes this analysis to the development and monitoring of the organization's strategic plan.
Nominations Committee: Sometimes combined with governance committee**.** Develops criteria for recruitment of new board members, leads recruitment of new members, develops orientation package for new members.
Governance Committee: May include people with legal backgrounds. Leads organization of board development, ethics policy, and board evaluation.
Program Committee: Reviews current programs, ensures that they are in line with organization's strategic directions, reviews M&E of current programs, reviews proposed programs.
Ad-hoc Committees: Can be formed to deal with specific needs such as recruitment of a new CEO or organization of a fund-raising event.

HANDOUT 4

Patrick Lencioni, author of *The Five Dysfunctions of a Team* and *Overcoming the Five Dysfunctions of a Team*, describes five dysfunctions of a team and proposes the means to **overcome** these dysfunctions:

1. **Overcome the absence of trust** – members of great teams trust one another on a fundamental, emotional level, and they are comfortable being vulnerable with each other about their weaknesses, mistakes, fears and behaviors. They get to a point where they can be completely open with one another, without filters.

2. **Overcome the fear of conflict** – Teams that trust one another are not afraid to engage in passionate dialogue around issues and decisions that are key to the organization's success. They do not hesitate to disagree with, challenge, and to question one another, all in the spirit of finding best answers, discovering the truth, and making great decisions.

3. **Overcome the lack of commitment** – Teams that engage in unfiltered conflict are able to achieve genuine buy-in around important decisions, even when various members of the team initially disagree. That's because they ensure that all opinions and ideas are put on the table and considered, giving confidence to team members that no stone has been left unturned.

4. **Overcome the avoidance of accountability** – Teams that commit to decisions and standards of performance do not hesitate to hold one another accountable for adhering to those decisions and standards. What is more they don't rely on the team leader as the primary source of accountability, they go directly to their peers.

5. **Inattention to Results** – Teams that trust one another, engage in conflict, commit to decisions, and hold one another accountable are very likely to set aside their individual needs and agendas and focus almost exclusively on what is best for the team. They do not give in to the temptation to place their departments, career aspirations, or ego-driven status ahead of the collective results that define team success.

HANDOUT 5

A poor understanding of good procedures and how to implement them can prevent board meetings from being effective. Working in table groups, use flip charts to complete the chart below and share the results in plenary

	Roles and responsibilities	Challenges	Solutions to the challenges
Chair	Before the meeting:		
	During the meeting:		
	After the meeting:		
Board secretary	Before the meeting:		
	During the meeting:		
	After the meeting:		
Board members	Before the meeting:		
	During the meeting:		
	After the meeting:		

HANDOUT 6

Role Play – At a recent board meeting, the executive director presented strong case for opening an office in a country where there is a need for the help that your organization provides. One of the board members, who is also the head of the finance committee strongly opposed the idea, accused the Executive Director of overstepping his authority and asked the board to vote against the idea. The atmosphere at the meeting is becoming very contentious.

1. Trainer divides participants into three groups. Take 10 minutes for
    Group 1 to consider the role of the executive director
    Group 2 to consider the role of the dissenting board member
    Group 3 to consider the role of the chair

    Ask yourselves
    - What issues are related to a lack of clarity over roles?
    - What might be the strategic reasons for wanting expansion and opposing expansion?
    - How can a good working environment be re-established?

2. Trainer asks each group to send its representative to play the roles of the E. D. , the board member and the chair and to continue the meeting.

3. Participants role play the situation for approximately 5 minutes

4. After the role play, trainer asks role players to say if they are happy with the outcome, what their strategy was entering into the role play and what if anything they would do differently next time.

5. Trainer explains that a key leadership characteristic is sound decision-making. To reach sound decisions at a board meeting, it is important to have a good working atmosphere.

    Trainer asks: In your board meeting, how do you:
    - Create a climate of trust in a board meeting?
    - Foster constructive dissent?
    - Constructively evaluate strategic options?
    - Ensure individual accountability?

Session 5: Board Leadership, Duties, and Responsibilities

Session Objectives
- Identify leadership characteristics of an effective board
- Describe the duties of care and loyalty of a board member
- Describe the main responsibilities of a board.
- Identify solutions to key problems facing boards in carrying out their responsibilities

STEP 1
In table groups, participants rank a list of leadership qualities. Each table shares its list in plenary.
HANDOUT 1

Trainer facilitates discussion on board members' duties and liabilities.

STEP 2
Trainer presents information on/discusses with participants the following list of priority board responsibilities: **HANDOUT 2**

Setting strategic direction	Providing financial oversight, ensuring financial sustainability	Supervising and supporting the CEO	Advocating for and representing the organization

Trainer facilitates participants' discussion on
- Which leadership qualities are needed to carry out these responsibilities?
- How does a board demonstrate the Governance principles (accountability, responsibility, transparency and fairness) when carrying out these responsibilities?

STEP 3
Participants work in table groups in a problem solving activity. Each group: a) completes the task associated with one of the areas given below; b) sends a representative to another group to explain how they completed the task and ask for comments; and c) discusses with the returning representative when s/he returns to the groups to share comments made on the task.

- Risk management: Rapid SWOT analysis of organization **HANDOUT 3**
- Maintaining an effective control environment: How to improve internal control **HANDOUT 4**
- Support Supervision of the Executive Director: **HANDOUT 5**
- Sustainability and external relations: **HANDOUT 6**

STEP 4
Participants
- Review learning objectives
- Share take-aways from the session
- Share actions they will take as a result of the session

SESSION 5 HANDOUTS

HANDOUT 1: Ranking leadership qualities

HANDOUT 2: Priority board responsibilities

HANDOUT 3: SWOT

HANDOUT 4: Maintaining an effective control environment

HANDOUT 5: Support supervision of the executive director

HANDOUT 6: Sustainability and external relations

HANDOUT 1

Rank the following 15 leadership attributes 1-15.

Intellectual dimension (IQ)	Managerial dimensions (MQ)	Emotional and social dimensions (EQ)
Critical analysis and judgment **Vision and imagination** **Strategic perspective** **Decision-making**	**Resource managing** **Engaging communicator** **Empowering** **Developing** **Achieving results**	**Self-awareness** **Emotional resilience** **Intuitiveness** **Interpersonal sensitivity** **Influence** **Motivation** **Conscientiousness**

What skills and attributes do board directors need to work together as a leadership team?

- Active listening
- Thorough analysis
- Clear, concise communication
- Constructive feedback
- Collaborative problem-solving

HANDOUT 2

IN WHAT WAYS CAN THE FOUR PRINCIPLES OF GOVERNANCE BE DEMONSTRATED?
- Setting strategic direction?
- Providing financial oversight, ensuring financial sustainability?
- Supervising and supporting the CEO?
- Advocating for and representing the organization?

	Setting strategic direction	Providing financial oversight, ensuring financial sustainability	Supervising and supporting the CEO	Advocating for and representing the organization
Accountability				
Responsibility				
Transparency				
Fairness				

HANDOUT 3

RISK ANALYSIS

List the strengths, weaknesses, threats and opportunities currently facing your organization.

STRENGTHS	WEAKNESSES
OPPORTUNITIES	**THREATS**

HANDOUT 4A

BOARD OVERSIGHT OF INTERNAL CONTROLS

Read the following short texts on internal controls, and then answer the question,
HOW CAN A BOARD IMPROVE INTERNAL CONTROL OF AN ORGANIZATION?

DEFINITION OF INTERNAL CONTROL
Internal control is broadly defined as a process, affected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

(COSO Framework definition. *The COSO Report)*

WHAT ARE THE INTERNAL CONTROL PROCESSESS?
Detect errors
Prevent mistakes
Identify fraud
Ensure the reliability of financial reports

EXAMPLES OF INTERNAL CONTROL OF BOARD AND MANAGEMENT AUTHORIZATION POLICIES
- Board review, approve annual budget
- Authority to obligate funds
- Transactions authorized

DOCUMENTATION OF REVENUES AND SPENDING
- Written agreements with vendors, contractors
- Detailed invoices
- Transactions recorded

SECURITY MEASURES TO SAFEGUARD ASSETS
- Control of access to funds, property
- Prevention and early detection of fraud

HANDOUT 4B

HOW CAN A BOARD IMPROVE INTERNAL CONTROL OF AN ORGANIZATION?

ANSWERS MAY INCLUDE THE FOLLOWING:
Appoint managers with in-depth knowledge of financial and operational issues
Distribute responsibilities
Ensure that responsibilities are well-understood by board and management
Document policies, procedures, responsibilities
Provide adequate supervision
Monitor efficiency
Provide adequate training to staff and board members
Improve information and communication channels
Other?

HANDOUT 5

SUPPORT AND SUPERVISION OF EXECUTIVE DIRECTOR

Does your board have an effective support and supervision system in place that helps your executive director?

1. Who writes the ED's performance appraisal?
2. How often is his/her performance appraised?
3. Do board members contribute ideas to the ED's performance appraisal?
4. What are the leading qualities that you expect of your organization's ED?
5. How often does the board meet with the ED?
6. What do board members think the ED expects of them?
7. Have board members ever accompanied the ED on a trip/mission to the field?
8. What support does the board offer the ED? Give specific examples.
9. What are the main challenges facing the ED in the execution of his/her duties?
10. What advice do you have as members of the board to give your organization's ED?

HANDOUT 6

Sustainability and external relations

Prepare a 2-3 minute presentation to give that describes the work of your organization to a group of business people who are thinking of offering $250,000 to a worthy cause.

Session 6: Board Members Leading Change

SESSION OBJECTIVES
- Describe the steps a leader can take to bring about change
- Describe effective strategies for reinforcing change
- Develop an action plan for strengthening the board's effectiveness

STEP 1
Trainer interviews one participant on steps s/he is taking to bring about change.

STEP 2
Trainer facilitates a simplified force field analysis activity. Participants complete the chart below in plenary.

Forces **AGAINST** Change	Changes to the way the board operates	Forces **FOR** changes

Trainer presents/discusses the following information:
- Obstacles to change
- Strategies for bringing about change

Trainer presents Howard Gardner's framework on Changing Minds and asks how board members apply each component. **Handout 1**

Step 3
In table groups participants identify an issue that the board needs to deal with.
Examples include:
- Introducing a system to evaluate board performance
- Developing a strategic plan
- Dealing with a dominant chairman
- Dealing with a rubber-stamping board
- Establishing a balanced board.

Table groups a) identify the resistances and b) develop strategies to overcome them and bring about meaningful change in board effectiveness.

STEP 4
Participants
- Develop and commit to Action Plans for next steps, based on the reflections and the learning gained during the workshop

HANDOUT 1

CHANGING MINDS BY HOWARD GARDNER

SIX FACTORS THAT FACILITATE CHANGING MINDS
Change usually results from a slow shift of mind rather than a **single argument** or sudden epiphany.

1. **REASON**
The use of reason to change minds figures prominently among those who deem themselves to be educated. A rational approach involves organizing arguments, identifying of relevant factors, weighing each and making an overall assessment.

2. **RESEARCH**
Complementing the use of arguments is the collection of relevant data. Those with scientific training can systematically verify or cast doubts on trends. But research need not be formal: it need only entail the identification of relevant cases and a judgment about whether they warrant a change of mind.

3. **RESONANCE**
Resonance appeals to the affective aspects of the human mind. A view or idea resonates to the extent that it "feels right" to an individual and seems to fit the current situation. Resonance often comes about because one has or feels a relationship of trust and respect with a mind-changer.

4. **REDESCRIPTIONS**
Multiple versions of the same point constitute an extremely powerful way to change minds. A change of mind becomes convincing to the extent that it lends itself to representation in a number of different forms (stories, statistics, and diagrams) with these forms reinforcing one another.

5. **RESOURCES AND REWARDS**
From the psychological perspective, the provision of resources (a grant, a decision to invest in a certain strategy) is a positive reinforcement for a change of mind. Ultimately, however, unless the new course of thought is concordant with other criteria –reason, resonance, research, for example– it is unlikely to continue beyond the provision of resources.

6. **REAL-WORLD EVENTS**
Sometimes an event occurs in the broader society that affects many, not just those who are contemplating a mind change. Examples of events include wars, hurricanes, economic depressions or more positively, eras of peace and prosperity or the ascendency of a benign leader or political party.