

II. The Relationship between the Board and Management

Diana Leat, who carried out research into accountability and voluntary organisations, provided the following excellent quote:

“All those interviewed said that, in theory, management committees make policy while workers put policy into operation. In reality, however, it was difficult to distinguish clearly and easily between ‘making policy’ and ‘day-to-day management’. It seems that the paper definition – management committees make policy while managers manage – is constantly repeated without any real thought being given to what it actually means in practice.”

This Chapter seeks to analyse the relationship between the Boards and Management of animal protection societies, identify some common pitfalls and suggest some actions that may help in practice.

The Roles, Functions and Responsibilities of Boards

Constitutionally and legally, governing bodies (referred to as ‘the Board’ in this Chapter) often bear ultimate responsibility for an organisation. Within that broad framework, the roles and responsibilities which organisations expect their governing bodies to perform usually fall into some of all of the following broad headings: -

- **Legal responsibilities and requirements** – acting as charity trustees, company directors, owners of property, employers, etc.
- **Taking the long-term view** – acting as ‘think tank’ and environmental analysts.
- **Policy-making** – deciding the overall policy, broad strategy and framework of the organisation.
- **Supervision and support** – ensuring that policy is appropriately implemented and that staff and volunteers are adequately supported and trained.
- **Financial responsibility** – taking ultimate financial responsibility for the organisation, including maybe the acquisition of resources and ensuring the organisation’s financial management.
- **Representation and accountability** – official forum for reflecting the interests of stakeholders.
- **Monitoring** – ensuring that the quality of service, and/or progress towards mission accomplishment, are maintained and enhanced.
- **Ethical policies and equal opportunities** – ensuring that clear statements of intent and codes of practice are developed, implemented and maintained.

Many of these roles and responsibilities overlap with the responsibilities and work of the organisation’s managers and senior staff, as written into their contracts and/or job descriptions. Consequently, the ways in which these responsibilities are to be put into operation in practice, and the overlaps, need to be negotiated.

Types of Board

Five examples are given of how Boards conduct themselves. These are general orientations, not rigid or exclusive categories.

➤ *Approving*

Well-established Board, with widely accepted goals and objectives. Serviced by professional manager and staff, who prepare agendas, and organise reports and information. Sub-committees address a defined set of financial and policy issues on the basis of clear remits. Votes are rarely taken, and rely heavily on manager(s) to make recommendations on major issues and direct the organisation.

➤ *Leaders*

The mission, goals and policy are clearly stated by the Board (who may have founded the organisation). The role of professional staff is restricted to implementing that vision and policy. There are few sub-committees and the role of the Board is felt throughout the organisation.

➤ *Representative*

The interests of the organisation's various stakeholders are well represented in this type of Board. Likely to have multiple and potentially conflicting goals, objectives and values.

➤ *Consensual*

Formally rejects the traditional structure and roles of governing bodies. Strong commitment to sharing values and goals and working by consensus. Considerable time is spent on aspects of process and negotiation between all relevant individuals and groups. Rotating offices, co-operative working patterns etc.

➤ *Involved*

Lacks clear direction, leadership or agreed purpose. Activity is characterised by involvement, energy and commitment on the part of individuals, but co-ordination is erratic. Distinctions between Board and professional staff are unclear and never addressed openly. The manager may have to adopt an educative role towards the governing body.

In practice, most Boards employ a range of these styles, and the balance changes over time – and even according to issue. However, it is sensible for a Board to understand the style it is adopting and consider the appropriateness of this to its own individual circumstances.

The Changing Role of NGO Boards

Charles F. Dambach, a senior consultant with BoardSource (formerly the National Center for Nonprofit Boards (NCNB)) argued; 'there was a time when service on many non-profit boards was perceived mainly as an honorary role. Today non-profit boards are expected to govern.' And indeed, NGOs are now being challenged to demonstrate the accountability and robustness of their governance structures. Recent

interest in the operations of NGOs such as The Nature Conservancy in the US and allegations of fraud concerning NGOs in India are already driving rapid innovation in how NGOs address these challenges. It is clear that NGO Boards need to change – often in both approach and composition – in order to meet the increasing expectations and complexity with which they are faced in these times.

Common Problems

The following are common problems that can cause tension between Boards and Management and impair the efficient working of the organisation: -

- Organisation's management structure may not be most effective for implementation and feedback.
- Policy and planning may be inadequate for monitoring and feedback purposes.
- 'Gatekeeper' position of Executive Director or Senior Managers – the distinctive 'hourglass' configuration whereby there is a bottle-neck between the Executive Director/Senior Manager(s) and the committee, leading to filtered and one-sided information.
- Board may try to act as a top layer of management – steering the ship rather than agreeing the charted course and keeping a light hand on the rudder.
- Board taking a reactive approach, rather than proactively charting the organisation's course - leading to lengthy meetings and ad hoc decision-making.
- Ethic of 'volunteerism' in Boards may make Board members wary of monitoring or controlling professional staff – and professional staff resentful of attempted control by perceived 'amateurs'.
- Overload for Board members, detracting from effective decision-making.
- Desire to maintain smooth personal relationships, as part of satisfaction with voluntary role. Avoidance of conflict/'feel-good' factor. Strong potential for lobbying/alliances.
- Some Board members feel that their role or special area of expertise gives them a right to tell staff what to do on a day-to-day basis, causing potential conflict.
- Board members have conflicts of interest.

See next page for diagram: -

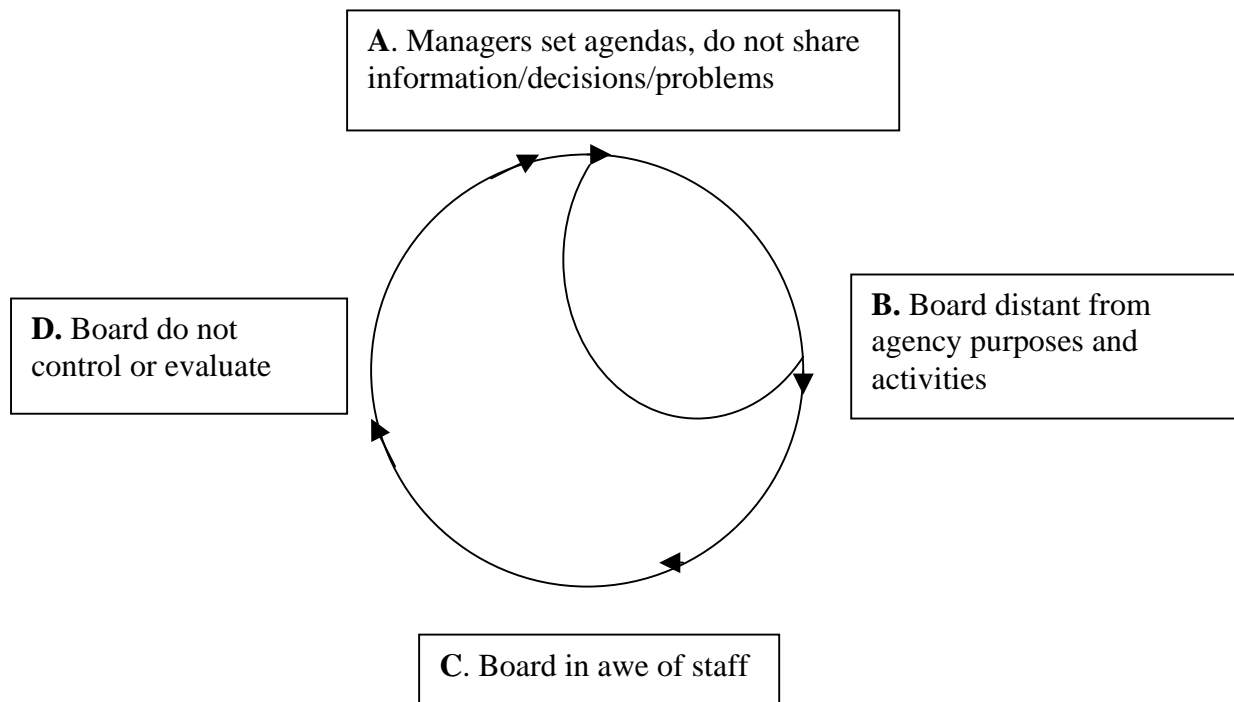


Diagram: Cycles of Expectations

“Information is power. If you withhold information, you withhold power.”
Holloway and Otto, 1985

The ‘gatekeeper’ role of the Chief Executive can lead to clear problems of governance. Often the Chief Executive will set the Board’s agenda and provide papers and briefings for each issue. This pivotal position can be used to obtain and maintain control, and the steer the committee in a favoured course. Information can be withheld or slanted.

There are potential problems when Board members are recruited for a special/limited area of expertise (e.g. corporate finance, legal matters, fundraising or media), particularly when these members do not have a broad overview and understanding of the organisation’s work. The first potential problem is that such Board members may expect the organisation to prioritise their area of expertise and/or relate every question back to this. This is because this is the centre of their world, and they cannot understand the ‘whole picture’ and thus balance competing priorities. They pull back into their ‘comfort zone’. This can be counter-productive and even an unwelcome interference (for example, they may question and instruct the relevant member of staff directly). The other potential problem here is that such members feel they have to feign expertise in all other areas and contribute to discussions in which they are ‘out of their depth’.

The problem of ‘conflict of interest’ in Board members is a very real one. Most animal protection organisations have rules against conflict of interest – to a greater or lesser extent. But how far should this extend? For example, a farm animal welfare

society may appoint a (sympathetic) farmer to its Board in a search for expertise. This farmer may or may not have links to farmers' organisations, and there may be a potential danger regarding information flows/intelligence?

Another 'conflict of interest' consideration is the appointment of Board members with an interest in another animal protection society. Some key questions in this regard are:

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- Is the primary loyalty and interest elsewhere?
- Is the other animal protection society a (potential) competitor?
- Is there a real danger regarding information flows – and assessment of value versus potential risk?
- Is there a danger of decisions restricting or hampering the society in order to protect competitor interests and activities?

In responding to the second question, animal protection societies should guard against naivety. Even animal protection societies that collaborate on issues, and appear helpful and supportive, can have a highly competitive culture within their own four walls!

This situation often occurs with federations or coalitions of animal protection societies, whereby the board comprises primarily representatives of other animal protection societies. In such cases, the collective expertise and experience of the Board can be significant, but there are inevitable conflict of interest issues.

Such conflict of interest matters can be mitigated by the introduction of Board rules and protocols (e.g. No Board members who may be considered as having competing interests, Board members to declare interest and leave room during conflict of interest matters, confidentiality clauses etc.). They clearly cannot be left to chance, but need to be carefully considered and dealt with appropriately.

Problem Solving

There are widely differing perceptions of what is expected of governing bodies. These are not simply disagreements over *how* a governing body should give effect to its responsibilities; they are also differences over *what* those responsibilities mean.

Boards need to work out: -

- The extent of their responsibilities.
- Ways in which they will exercise these.
- The exact structures of responsibilities.
- The ways in which staff will be accountable to them.

Ideally, delegation should be to a senior member – or members - of staff, and the committee should confine its activities to hearing reports from that person/those persons and holding him/her accountable. Paid managers have a very important incentive for making sure that the project is meeting its aims and expectations, and can be held accountable in a way that a committee can't.

Mackenzie, 1989

The overall aim for **Board/trustees** should be to ensure that an effective operational plan has been prepared which: -

- Reflects agreed budgetary policy, and respects financial prudence
- Is likely to achieve maximum effectiveness towards mission
- Is realistic and achievable
- Is timed and measurable
- Includes a programme which facilitates Board/trustee control and monitoring

The budget and operational plan should be drafted by management according to the strategy previously agreed by the Board. They should be approved by the Board, given fulfilment of key strategic aims. The operational plan should be implemented/managed by management and controlled/monitored at high level by the Board. It should clearly state priority ranking.

With respect to Board monitoring, it is important that subsequent reports to the Board refer back to the budget and operational plan, giving more detail for identified priority projects, and very little for minor strands. Reports for major projects would need to include performance against plan, including targets and timetable. This would enable the Board to control and monitor using appropriate prioritisation.

Board/trustees should monitor progress of major programmes, rather than individual departments' activities. All too often, reports bear no relation to agreed plans and programmes, but those delivering them can spin a good tale of accomplishment, satisfying the Board – even if the agreed strategy and programme has not been met!

Also, if the Board also wishes to monitor or examine the work of individual offices or departments, this could be done on a rolling or occasional basis, where one is considered at a Board meeting at a time – enabling holistic consideration of the particular office/department, rather than the usual piecemeal and disconnected consideration. This would also provide the opportunity for influential departments to make an input regarding the work of the organisation as a whole.

In general, establishing the strategy, budget and high level operating plan – with agreed priorities and achievement targets – should be key tasks of Boards. If planning is well executed, routine meetings should not be onerous, and the never-ending string of ad hoc policy-making largely avoided.

It is recommended that a guidance document be negotiated that establishes the division of responsibilities between Board and Management for each key area of the organisation's activities, and how the Board's responsibility will be exercised. The

negotiation process itself is a learning curve, and helps to arrive at a joint understanding, which can be referred to guide future conduct. There will be various national guidance sources that will provide additional help in this regard.

Major subject areas that could be considered for inclusion are given below. These have been adapted from the subject headings of a negotiated document used by Compassion in World Farming (CIWF). Some may not be relevant, and others may need to be added – but it may give some helpful pointers: -

Strategic Direction:

- Vision and/or mission
- Strategy Document
- Guidance and perspective on strategy.
- Policy/Ethics

Operational Planning:

- Planning including Budgets and Targets
- Monitoring and Control
- Evaluation and Appraisal

Organisation Structure:

- Legal entities
- Reporting lines & procedures/systems
- Management Structure
- Board structure/committee
- Governance
- Review of governing documents.

Legal Requirements/Relationships:

- Contracts
- Grants
- Compliance (Returns/Accounts)

Risk:

- Financial
- Legal
- Reputation/Brand
- Strategic
- Operational
- Insurances
- Health and Safety

Finance:

- Budgets/Actuals
- Statutory Accounts (Annual Reports)
- External audit
- Reserves/Investments
- Controls/Probity
- Transparency
- Property/Assets

Fundraising:

- Strategy
- Techniques
- Return on Investment / Value for Money
- Evaluation and Appraisal

People:

- Recruitment/Dismissal
- Job Descriptions
- Contracts of Employment
- People Policies
- Policies generally
- Morale
- Discipline/Grievance
- Pay/Reward

CEO:

- Appointment
- Contract/Pay
- Support/Relationship with Chair
- Appraisal
- Dismissal

CIWF's 'Governance Group' also established the following general guidelines: -

General principles:

- CEO/management do, Trustees monitor
- Transparency
- Accountability of the board
- Fundamental Importance of Governing documents
- Definition of terms – agreed, approved

Role of the Trustees:

- Must make a contribution
- Questioning/Challenging
- The Board must satisfy themselves that full and appropriate professional advice has been taken as required.

Code of Conduct:

- Conflicts of interest
- Standards of behaviour
- Dealings with staff – “CEO symbolically present” except in extreme situations e.g. the whistleblower scenario
- Board members should not generally instruct staff direct.
- All board members should take a keen interest in the finances of the organisations and ensure they receive appropriate training as required.
- Where a member of staff has a grievance, the correct route is via line managers and the CEO.

- Any member of staff who feels an important point is not being heard has the option to request a meeting with a member of the board.
- Contact with a Trustee/Director will be via the chair of the entity.

Role of the Chair:

- The chairs of Boards will:
- Ensure the boards undertake an annual evaluation of their performance.
- Maintain a good relationship and communications with the CEO and undertaking regular (monthly) meetings where support can be given
- Make sure the member of the boards work as a team
- Ensure board meetings are regular and conducted efficiently and make sure all points of view are heard
- Ensure all regulatory requirements are observed
- Construct agendas with the CEO and input from board members
- Be available to staff
- Be available to represent the organisation/respond to official queries
- Be the point of contact for other trustees/directors between meetings
- Ensure a proper induction programme is undertaken for new trustees/directors
- Handle all issues of trustee/director conduct
- Ensure they have a continuing overview of the organisation
- Ensure board members have relevant information
- Sign legally binding documents as required and will sign minutes of meetings as approved.

This may be helpful as a starting point for Boards and staff to negotiate their relative roles and responsibilities. Just a look at the list gives an indication of the extent of the Board's responsibilities. It is clear that this is no simple honorary role. It is a time-consuming commitment that needs professionalism and dedication, but if the Board's role is effectively executed it can make an enormous difference to the organisation.

When we do the best that we can, we never know what miracle is wrought in our life,
or in the life of another.

Helen Keller