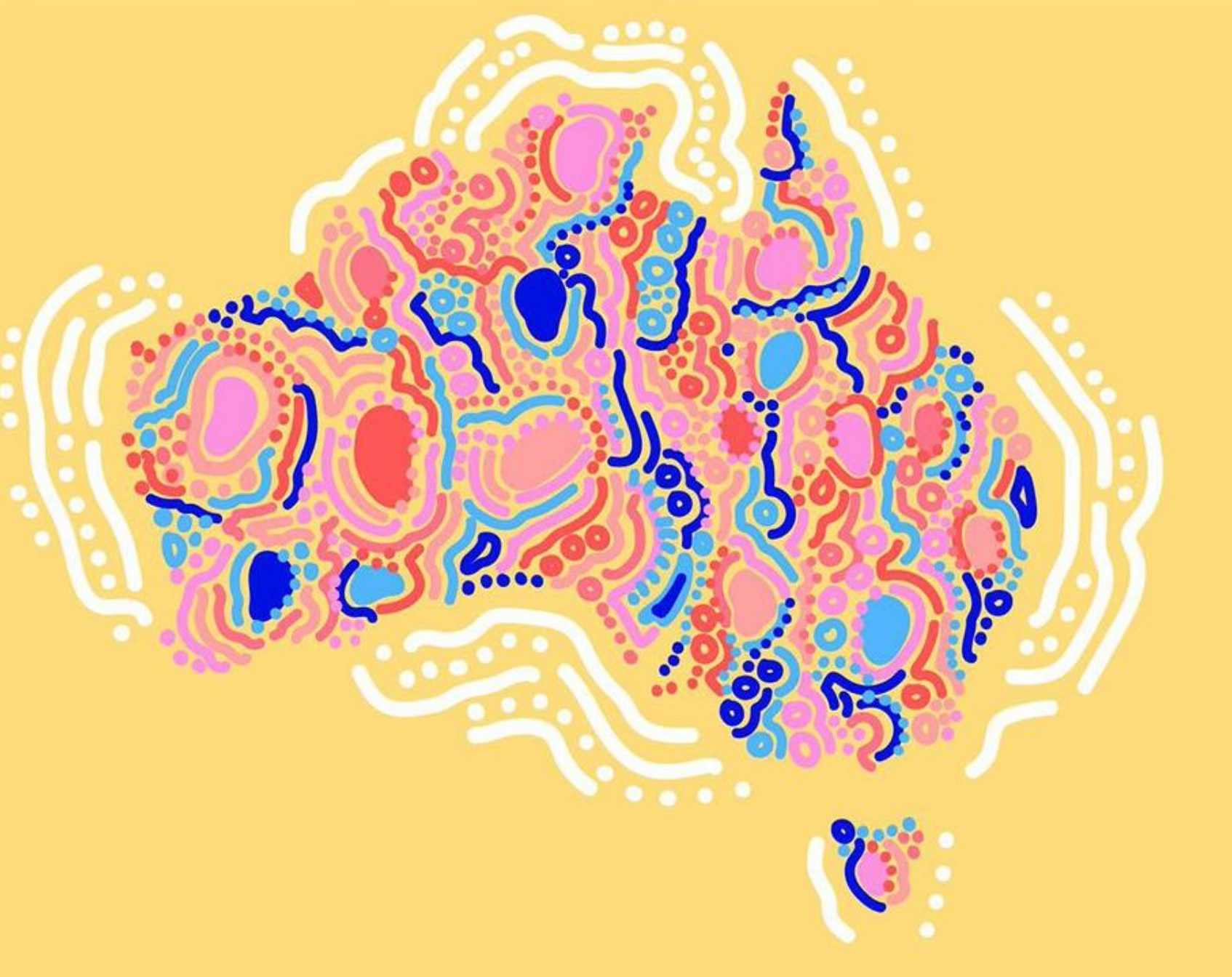


ADVANCED LEADERSHIP FOR CHAIRS

Institute of Community Directors Australia



Acknowledgement of Country

- Image from ABC iview
- Artworks by Arkie Barton

Program overview

- Strategic foresight for chairs: building for a future that's increasingly uncertain
 - Dr Dalia Ben-Galim, policy and strategy consultant
- Backstage and front of house: using both to make good decisions
 - Jeremy Stowe-Lindner, educator and school principal
- Strategic funding: developing your case for support
 - Catherine Brooks, lawyer with expertise in strategic fundraising
- The Chairs relationship with the CEO
 - Sheena Boughen OAM, chair of the Australian String Quartet
- Ethical board leadership workshop
 - Facilitated by Jon Staley, ICDA Governance & Community Trainer

Board/organisational culture and ethics

Think about examples or times when you have seen or been part of what you would describe as a healthy or good culture or conversely times you have seen or been part of an unhealthy or poor culture?

What were/are some of the distinguishing features of that culture?

Ethics

noun

eth·ics 'e-thiks

a: a set of moral principles : a theory or system of moral values

b: the principles of conduct governing an individual or a group

c: a consciousness of moral importance

d: a guiding philosophy

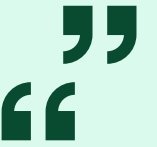
Merriam-Webster Dictionary

What's the
relationship
between culture and
ethics?

(i.e. Is there a correlation
between a boards culture and
its ethics?)

What we'll discuss today:

1. What is an ethical organisation?
2. Organisational documents to support ethical organisations
3. How can we support ethical decision making?
4. Accountability and communication to members and stakeholders – who needs to know what?
5. Cultivating a culture of transparency – empowering the board and staff to make and own their mistakes – psychological safety



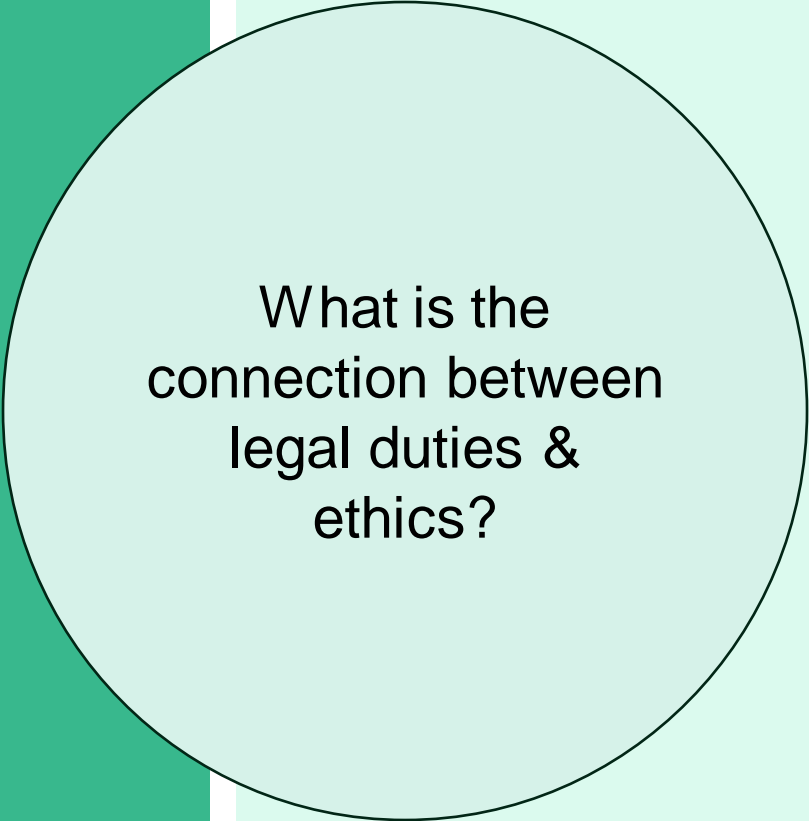
“Ethics is knowing the difference between what you have a right to do and what is right to do.”

Potter Stewart

What is an ethical organisations?

An ethical approach to not-for-profit governance should:

1. set out the fundamental principles that should guide the actions of not-for-profit organisations, and the boards and committees that govern them, and the employees and volunteers who work for them.
2. set out the standards that those who deal with these organisations can expect of them, and their employees and volunteers.
3. require these organisations to build these aspirations into their day-to-day operations, including monitoring and reporting standards, recognition and rewards for compliance, and penalties and sanctions for breaches.



What is the
connection between
legal duties &
ethics?

Legal duties (of individual board members)

- Duty to act *bona fide in the best interests of the company
- Duty to exercise powers for proper purposes
- Duty to retain discretion
- Duty to avoid conflict of interest
- Duty to not improperly use your position in the company
- Duty to treat confidential information properly
- Duty to treat related-party transactions properly
- Duty to treat payments to directors in the proper fashion
- Duty of care, skill and diligence
- Duty to prevent insolvent trading



** Bona fide – genuinely, without intention to deceive*

Richmond Trust Fund is a community foundation that supports young people in the youth justice system. Board member Maz has been the treasurer for the past six years and has been diligent in managing the funds and building income and reserves.

Maz was made redundant from their job last year and after a series of disastrous investments, Maz has found they are in major financial trouble.

Maz borrows some money from the foundation to cover her mortgage payments with the intention of paying it back within a few months but another board member notices the withdrawal and Maz is found out.

What is the board's legal obligation in this situation?

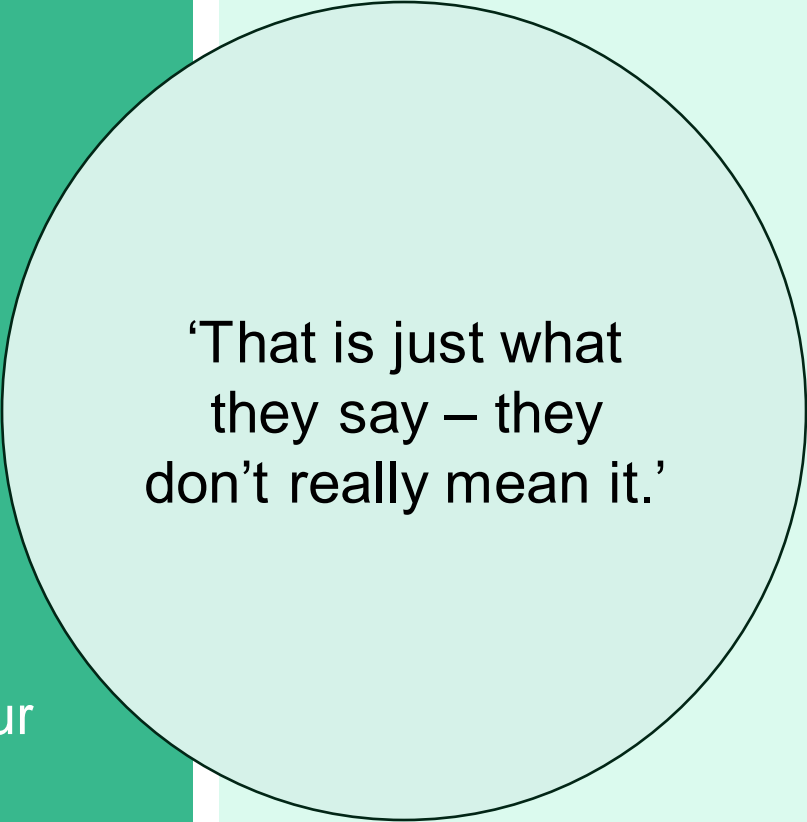
What is the board's ethical obligation in this situation? Is there one?

What is an ethical organisation?

Leadership

“The fish always rots from the head down.”

- Board and senior management need to own both the problem AND the solution
- Leadership needs to embody the organisation’s values
- The end does not always justify the means
- Be real about the expertise in the room – understand where your knowledge begins and ends



‘That is just what they say – they don’t really mean it.’

Scenario for discussion

Bright Horizons, a charity supporting educational pathways for young people in out of home care, has recently welcomed three new members to the board. The new members have recent lived-experience in out of home care as young people and have provided some critical feedback to the board on the organisation's engagement strategy. The three new members believe that the strategy needs to go in a new direction to broaden the reach and impact of the organisation.

The board does not have standing orders or rules about meeting processes and after multiple robust discussions over a number of meetings, consensus has not been reached within the board as a few long-standing members disagree that a new direction is required and are resistant to change.

One of the new members has drafted a new engagement strategy and is seeking approval by the board. When the item comes up for decision at the end of the meeting, four board members refuse to engage in a vote and leave the meeting. This leaves the five remaining members including the chair.

How should the meeting proceed?

What organisational documents, policies and processes are relevant here?

What are the ethical obligations of the chair?

What is an ethical organisation?

Communication

“Good communication is the bridge between confusion and clarity.”
Nat Turner

- Stakeholders have a right to know the good, the bad, and the ugly?
- Internal and external communications are equally important but not often the same
- Welcome constructive feedback, including criticism
- Be clear, use plain language, and make it accessible



Scenario for discussion

The Sunshine Children's Foundation (SCF) is a non-profit organisation dedicated to providing support and resources to children with serious illnesses. SCF was facing a financial crisis due to a decrease in donations and increased operating costs. The board was considering several options to address the issue, including staff layoffs and program cutbacks. The discussions were highly sensitive and confidential.

Emily, a board member, seeking to help the situation decided to brief a local journalist/friend about SCF's financial difficulties who ran a story to publicise the charities plight and encourage financial support from the public.

The chair and the rest of the board only realised this had happened when they opened the paper (newsfeed) and started getting contacted by partners/stakeholders etc.

What board duties were compromised here?

How should the chair handle the situation moving forward?

What are the potential short and long term implications of this scenario?

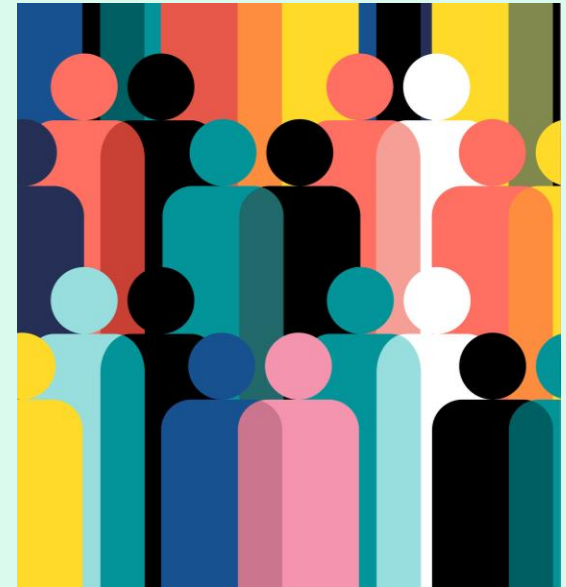
What is an ethical organisation?

Accountability

“It is easy to dodge our responsibilities, but we cannot dodge the consequences of dodging our responsibilities.”

Josiah Stamp

- The board is accountable for the organisation – end of story
- Don't assume you will receive the information you need, ask for the information you need until you're satisfied
- Delegation does not mean handing over accountability
- ALWAYS remember who you represent



Scenario for discussion

In their eagerness to expand services for their community, the board of Environment Forever Ltd approved a partnership with a for-profit company without doing their usual stakeholder consultation. The partnership was identified and developed by Environment Forever's CEO who had previously worked with the CEO of the for-profit company. Because of the trust between the two CEOs and the potential benefit to Environmental Forever, the contract was agreed to hastily.

While the board had authority to make decisions on behalf of the members, standard practice was to consult with a subcommittee of members and key stakeholders beforehand who would provide advice and community perspective.

After the agreement was confirmed and announced, one of the members of Environment Forever's stakeholder subcommittee shared a number of dubious environmental and legal practices they were aware of about the partner organisation but the board dismissed the practices as inconsequential and went ahead with the partnership.

Subsequently Environment Forever's reputation suffered a serious blow when the new partnership became public knowledge leading to existing key partners withdrawing their support/funding from Environment Forever.

What is the Chair's role in this scenario?

How could this situation be managed from here?

What is an ethical organisation?

Transparency

“Honesty is more than not lying. It is truth telling, truth speaking, truth living, and truth loving.”

James E. Faust

- There is confidentiality and there are secrets – figure out what is what
- Transparency builds trust
- Mistakes are part of learning and should be treated as opportunities for growth



Psychological safety

“Psychological safety – an environment in which people believe that they can speak up candidly with ideas, questions, concerns, and even mistakes – is vital to leveraging the benefits of diversity, because it can help make inclusion a reality.”

*Dr Amy Edmondson, Novartis professor of leadership and management,
Harvard Business School*

**What does
this mean in
your
organisation?**

Making mistakes positive

‘Anyone who has never made a mistake has never tried anything new.’

Albert Einstein

Responding to complaints

- Clear process
- Transparency
- Honesty
- Culturally aware
- Complaints policy and procedure

Responding to mistakes

- Everyone makes mistakes
- Improve what you do
- Mistakes are part of innovation

Learning from mistakes

- Own your mistakes
- Know what to share and how to share it
- Share the learning process

What is the Chair's role in creating a psychological safe culture for your organisation?

Summary

"Ethics is knowing the difference between what you have a right to do and what is right to do."

Potter Stewart

US Supreme Court Judge

Reflecting back - What you said in session 1...

What you want to learn or experience

- Better run the role
- Better overview of what is required
- Dealing with difficult situations
- I need to know the things I had no idea I needed to know!
- Increase in confidence
- Connection to others
- Being able to use change management tools to be more effective
- What is best practice
- Extending our own knowledge of not for profit sector
- Approach to strategy & governance
- To hear and learn about the experiences of others

How you want to feel after this course

Want to feel:

- confident,
- excited,
- better equipped,
- more tools,
- braver
- inspired

What are you taking away?

Share in the chat:

1. What is one action you'll implement straight away?
2. What has been most valuable about this course?
3. What was missing or what would you like to learn more about?



Feedback



<https://www.surveymonkey.com/r/2024advancedforchairs>