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Changing more than a name

Challenges in Contemporary Governance

Looking through a shared lens

Five explorations

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Centre for Charity Effectiveness

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Inspiring transformation within the nonprofit sector.

The vision of the Centre for Charity Effectiveness (CCE) is that of a nonprofit sector leading positive social change. We support the sector to achieve this through the services that we deliver: education, knowledge sharing, research and independent consultancy advice. As one of The Business School's centres of excellence, impactful knowledge exchange has been at the heart of what we do since our inception over 20 years ago.

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Introduction

Why did the Centre for Charity Effectiveness (CCE) decide to launch the *Challenges in Contemporary Governance* pilot series? Based on our wide experience of working with charity and nonprofit boards, we believed that creating a space for Chairs and Chief Executives to work together and with other pairs, in a safe, creative and discrete environment, could be invaluable in terms of creating knowledge; and this has certainly proved to be the case. We aimed to stimulate explorations of how Boards are addressing and responding to challenges in contemporary governance, with a particular focus on the big questions where challenge or wise counsel from experienced leaders would stimulate fresh or clearer thinking.

What distinguished these five explorations from other discussions about governance is that they were aimed specifically at the pair. Indeed, we were so insistent on the Chairs and CEs attending together, that if one was unable to attend then neither could join that particular discussion – a guideline that was quickly accepted and adhered to. Participating pairs were predominantly from large, national charities with many of the Chairs and CEs having gained experience from inside and outside the charitable sector. We noted that Chairs in particular often first and foremost identified themselves with another sector.

Governance and knowledge exchange are core work delivered by the CCE. We wanted to learn more about the Chair and CE relationship, not only to share with our MSc students, professional development delegates and clients but, most importantly, to capture the learning from these senior thought leaders so that it could be shared with the wider sector. We aim for this publication '*Looking through a shared lens*' to do just that.

At the time of the series' launch, no-one could have predicted how much the strength of the Chair and CE relationship would need to come into play. The demands of the Covid-19 pandemic have stretched leadership and continue to do so. The seminars reported in '*Looking through a shared lens*' produced very open discussions and a richness of conversation. Throughout this series we have learnt how vital this Chair and CE relationship is. Not only does it enable organisations to have the most effective response to opportunities and challenges, during periods both of calm and of crisis, but it also acts as the bedrock for the levels of agility required during these uncertain times.

In each of the discussions, whether about relationships between large and small organisations, partnership and collaborations, organisational change and culture, strategic leadership or leading though turmoil, the emphasis was always firmly on clarity of purpose and a resolute focus on the beneficiaries or service users. More than this, there was also a focus on the purpose of governance and the roles that both the Chair and CE should and could play at different times. Further areas of exploration emerged simply from our communication

with individual pairs. For example, when an organisation thought initially that they could substitute someone to attend a discussion in the Chair's place; was this a sign that the Chair and CE role was not as important as we had imagined, or just that there is so little focus on the need to nurture this relationship and indeed the wider development needs of Chairs, that insufficient consideration was given to prioritising the Chair's participation?

Our own experiences in the governance and leadership fields, as Chairs, trustees, a former CE, advisers and educators, enabled us to focus on salient themes, the links between these and areas for further exploration. Our work is far from over; indeed, this is just the beginning of a fascinating ongoing exploration. We hope this collection stimulates discussion amongst pairs of Chairs and CEs as they develop together and as they review the way their joint leadership informs the leadership of their charities as a whole.

Professor Lynne Berry CBE
Centre for Charity Effectiveness

Alex Skailes
Director, Centre for Charity Effectiveness

STRUCTURE

In each of the following five essays, the discussion topic as set out by the presenter has been summarised as **The Challenge;** a summary of the discussion has been provided under **Chair/CE insights and ideas** using both direct quotes from participants and notes made at the time; **Emerging questions** have been cited; and **Connections with other initiatives and resources** made. A sixth essay summarises the themes and insights, and provides links to further resources.

Discussion topics were set either by the Chair of the breakfast series Professor Lynne Berry CBE, or by Chair/CE members. Participants were provided with an advance outline of the topic as context for discussion, though discussions themselves tended often to range in directions that most interested participants on the day. Inevitably the discussions at each session often raised more questions than they answered, but this in itself is stimulating and thought provoking, and will lead to more opportunities for learning. The Chatham House rule[1] applied during all the discussions; the explorations have been written up so as to preserve anonymity whilst still sharing the insights from these sector thought leaders.

1. When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

The Five Explorations
Relationships between large and small nonprofits

THE CHALLENGE

This inaugural discussion considered a topic set by the series Chair, Professor Lynne Berry. The challenge was to explore whether large and formally governed organisations can collaborate effectively and respectfully with much more informal grass-roots organisations and movements to create common purpose and to drive shared objectives. Lynne suggested that there is a great deal of discussion about whether large organisations are seen by small ones as friend or foe and at the same time, large ones are urged to do more to support smaller ones.

Building on this, there are some questions:

1. To what extent is accountability increased or diluted by this approach; and to whom?
2. Are there governance issues that help or hinder these collaborations?
3. To the extent that trustees and CEs must to do things in the interests of their own beneficiaries, is this approach problematic?

Lynne felt that this discussion could lead in many directions but that it might stimulate a debate about whether all charities, whatever their purpose, are responsible for trying to ensure social justice and fundamental social change.

CHAIR/CE INSIGHTS AND IDEAS

The discussion ranged across a broad spectrum:

The need to orient around a strong shared sense of purpose

- Use shared purpose as a means of determining who to work with
- If we're not working together – how can we be effective in achieving your Mission?

Funders have a big responsibility

- Often we are pushed into partnership
- Some are a good idea – but we have to speak out against it as a blunt instrument
- Internationally we have the localism agenda – we can't be everywhere so we have local partners; but the funding model and the narrative don't match

A joint leadership endeavour can be achieved through networks

- There are really good examples with user-led organisations – these networks can be really invigorating and creative
- We can't just 'sweep in'
- You have to cede power – put power on the table and say 'where do we want the power to lie'

Behaviour change will be needed to make things work

- Smaller charities expect us to behave in a particular way
- We can be seen (and behave!) as paternal
- 'Altruistic sharing' and those behaviours don't come for free
- We have to be conscious of this and model a different way: share your information and resource; give up things; have things go as you might not want

There are good examples of 'true' collaboration

- It works because it's face to face with colleagues
- Money that fosters not forces
- Allows competition as well as collaboration
- You need structures that support – a partnership agreement; shared governance metrics; a shared theory of change

Federated charities can be good examples of both/and

- You learn about vulnerability (especially the decimation caused by competitive tendering)
- Federation members keep us in shape through challenge
- The relationship helps with relevance locally
- The structure helps build resilience and has the potential to foster innovation

We have a responsibility around competitive tendering

- Especially the decimation caused by competitive tendering
- If you have a voice and power, you have a choice
- If it's destructive, we don't have to tolerate it eg. tampon tax

EMERGING QUESTIONS

Generative discussion very often leads to the emergence of more questions. These are some that Boards and senior teams might want to consider as part of strategic discussions or team development sessions:

- What can other charities learn from federated charities?
- What is the responsibility of the larger charities to smaller ones that might be struggling?

Some of the following questions prompted the next topic in the series – Partnerships and collaboration:

- What are the implications for shared accountability?
- How do we blend the borders?
- What about brand and reputation as a resource?
- How do we avoid being too risk averse?

CONNECTIONS WITH OTHER INITIATIVES AND RESOURCES

There's a Good Charity Bad Charity podcast with Craig Bennett, CE of The Wildlife Trusts that explores the positives of federated structures.

Insights for A Better Way: Improving services and building strong communities has a collection of stories, ideas and case studies, with a 'call to action' on a range of Better Way propositions including 'Local is better than national',' Collaboration is better than competition' and 'Changing ourselves is better than demanding change from others', which also introduces the notion of 'organisations without walls'.

In 'The Dawn of System Leadership' Senge, Hamilton and Kania (2015) echo some of the thinking from our Chair/CE pairs as they discuss the unique kind of leadership required to accelerate progress against society's most intractable problems, and write of 'system leaders' who foster collective leadership:

- Able to see the larger system and jointly develop solutions you wouldn't see on your own, rather than fix individual bits
- Foster deep shared reflection and more generative conversations: this builds trust and fosters creativity
- Shift the focus from reactive problem solving to co-creating the future, inspiring new approaches

Peter Long builds on this and extends the thinking in an April 2015 blog on the Stanford Social Innovation Review (SSIR) site, with thoughts which will resonate in the UK voluntary sector that any Systems Change Should Lift Up Beneficiary Voices[2].

In The Emerging Art of Ecosystem Management, Lang, von Szczepanski and Wurzer (2019) capture some of the emerging thinking on 'ecosystems' which could be helpful when thinking about relationships across the sector. Their thinking is firmly in the corporate sector, about profit and with digital enablers, but if profit is translated to beneficiary impact, many of the ideas (including the 10 principles of ecosystem management) are helpful when thinking about relationships across different geographies and sizes of organisation.

Ecosystems thinking[3] (from science and nature) could well provide useful context when considering the benefits of diverse organisations working together in the pursuit of shared goals:

- An ecosystem consists of a community of organisms together with their physical environment
- They can be of different sizes
- Those ecosystems with a higher bio-diversity tend to be more stable, with greater resistance and resilience, more agile in the face of disturbances and disruptive events
- In ecosystems both matter and energy are conserved; energy flows through the system

Finally, NCVO are leading a project 'Rebalancing the relationship – moving from competition to collaboration' with ACEVO and the Lloyds Bank Foundation. This project produced an interim report and recommendations in February 2020 that sets out thinking about how organisations of all sizes can work together, and how those with more power (in terms of influence or resource) have a greater responsibility.

2 A subscription is required to access SSIR publications but their blogs are freely available.
3 Khan Academy.

Partnerships and collaboration

THE CHALLENGE

This challenge was set by Chair and CE participants from one of the member organisations. They suggested that all charities will, at some point, feel as though the task ahead is too big to be tackled alone. In the environment space for example, the twin crises of climate change and biodiversity loss, and their coming together, demand urgency of response at scale, and a combined effort of the many not the few. In this context, partnerships and collaboration are essential. The topic briefing sought to stimulate discussion of the governance implications of partnership.

One example of a collaboration was cited in the briefing note. This collaboration has a mission to transform biodiversity conservation at local to global scales by demonstrating the power of collaborative action. It has raised £150 million to date for biodiversity action, and acts as an extraordinary convenor for conservationists from all over the world. Whilst the initiative is very positive, tensions do exist – these are just a couple:

- **Alignment:** what is the level of alignment expected between the strategies of the individual partners, and that of the initiative as a whole?
- **Power imbalance:** how to balance the needs of very powerful players with those of smaller individual partners?

The Chair/CE pair suggested that success in collaborations is dependent on sound leadership, a very clear organisation mission and knowing how that differs from the partnership, and understanding the precise nature of any collaboration: sharing data; joint research; joint advocacy.

With all this in mind, there were two questions to explore in the discussion:

- **A governance question:** what are the governance implications of power imbalances in partnerships - through the lens of a 'big brother' and through the lens of the 'smaller' partner, without whom the endeavour wouldn't succeed? What questions must boards ask, and what alerts/controls must they have in place to ensure integrity and desired impact?
- **A Chair/CE question:** what challenge and support could a Chair offer a CE who is simultaneously juggling a range of different partnerships, each with their own tensions, in order to sustain and drive impact? What questions must they ask to stimulate the right breadth of thinking and also to build the confidence to deliver?

CHAIR/CE INSIGHTS AND IDEAS

Partnerships between like-minded organisations are probably the most challenging

- Have to work out how to work together in new and different ways
  - Need to challenge partners to recognise this and contribute to a wider strategy
  - If it's not merger, you have to maintain your independence (partnership is still a project)
  - Strategy should be written in the context of partnership (and in any case, should evolve); we need to enable flex
  - The strategy is the bottom line that trustees will hold you to (the multi-year direction of travel and a framework in which to operate)

- They will work when we know that we won't achieve what we need to by just getting bigger ourselves
  - We've been trying to tackle these issues for 50 years and have failed; we have to try something new
  - It needs to be about both working together and selling out – there's an inherent tension
- We have to shift away from contract and scale towards influence and leverage: the big players often want to be in control but to not be seen to be: this gives smaller players an advantage

The governance implications need to be thought through

- The Board has to think about what beneficiaries need and see this as more important than the strategy – we need to seize it
  - Need to put a 'placeholder' in the strategy for partnerships
  - Use trustees as part of the design of the collaborative
- It's important to think about the whole ecosystem and reach out beyond where you are
  - There may be a disconnect between your ambition and the actual value created
  - Think about social movements and what we can learn from them
- We need to think about how we maintain oversight/overview of new relationships (especially in a fast moving world)
  - How we manage the flow of information in partnerships (how will we know)
  - Governance arrangements in partner organisations and in the over-arching one (not take a sticking plaster approach or be subversive); the Board need to look at the risks and make sure no-one is bamboozled
  - Personal relationships are important (and the governance of these); need to consider what happens if these change (a new CE can make a huge difference); if you share space – what about informal conversations?

The spirit of partnership is much harder to do than the formal side

- It's about behaviour change and culture change: we have to think and behave differently
- Co-operation has to infuse everything we do

Partnerships with commercial organisations only work well where there is clear and transparent value (commercial or not)

- It is the partnerships with the greatest benefit that are usually the ones with the greatest risk
  - Need an ethical policy
  - Approach them – have a strategy: map the ecosystem; find the different relationships; look at power (what they/we have; what they/we think we have); seek a different kind of relationship; use the power of small to bring people together
  - The brand is sacred
  - Understand and manage risk – the risk to reputation brings an extra tension
- Commercial partnerships are also an opportunity to influence their behaviour – proactively seek to do that
  - It's important that we look for the best in the relationship
  - Think about what we have in common and where we are different
  - Have authentic, deep conversations
  - Get them to see how we can help – even if we are very very small; find the benefits and the quid pro quo
- We are very good in the voluntary sector at being both humble and brilliant – if it's not working – try a different way!

The Board and Executive may have different views

- The Chair and CE need to design the conversation
- Remember that trustees may only see the organisation as a 'box set' (only seeing episodes 1, 5, 6 and 10) – need to fill in the bits in-between via committees and CE reports
- It's healthy to be different – and can be good to have objective difference; can't seek all trustees to be the same; we need some trustees who are risk averse
- Have the Chair be the bridge between Board and Executive

Are boards inherently risk averse?

- The notion of perpetuity is important; we are not here in perpetuity (for some it is the Board that seek to put the brakes on; for others it is the Executive.)
- Need to have a shared understanding of risk appetite at a conceptual level first (it's a wise investment); see greater understanding of risk as a positive thing
- Ask at each meeting 'what can we do to add to the risk agenda?'

EMERGING QUESTIONS

Generative discussion very often leads to the emergence of more questions. These are some that Boards and senior teams might want to consider as part of strategic discussions or team development sessions:

- How do we ensure cohesion between the organisation's strategy and that of a partnership (two overlapping circles)?
- How can a group of very different organisations 'subvert' their own strategic objectives for the greater good?
- How does governance need to change in this new world of partnership and collaboration?
- How is governance handled in the new macro partnership 'organisation'?

CONNECTIONS WITH OTHER INITIATIVES AND RESOURCES

Two helpful mnemonics were offered at the session:

The Four Cs

(Take small steps to collaboration – don't meet and immediately make a baby!)

Consult (talk to people; share thoughts)
Co-operate (be actively helpful)
Collaborate (do something together for greater effect)
Co-create (you can go straight to it)

The Four Gs

(Can be applied at each level of the Cs above)

Get (what will your organisation get from the relationship?)
Give (what is your unique contribution to the partnership working?)
Give up (what might you need to give up doing to make this partnership work?
Get over (or around) barriers (what is there that you will never agree on but might simply have to "get over" for the benefit of the greater good?)

There is an immense literature on partnerships and collaboration; what can be offered here is a small selection to further stimulate thinking.

The National Housing Federation voluntary code (2015), for housing associations thinking about working together, is aimed at supporting boards in their stewardship role, setting out core principles for any organisation exploring merger, group structure and partnership opportunities; it's a useful resource for anyone exploring the range of options.

Stanford Social Innovation Review (SSIR) have a range of resources on collaboration and merger including:

Why Collaborations Fail which looks at power imbalances at both organisational and individual levels, and how to get the power dynamic right

Nonprofit mergers that work which looks at what has driven success in a selection of nonprofit merger case studies

Governing a collaborative organisation which addresses some of the governance challenges in collaborations and how trustees can cultivate collaborative potential

What's your endgame? which explores a focus on impact rather than scaling up

Collective Impact which looks at cross sector co-ordination

La Piana Consulting have a practical Merger and Alliance Guide to navigating the world of partnerships and collaboration – from initial assessments to integration.

For more on social movements, take a look at The Conversation for examples of current movements and at the SSIR blog on 'social movement ecology' offering a way of looking at how people change the narrative.

For those prompted by Covid-19 to think more about mergers, IVAR have published a guide 'Thinking about... Merger, during Covid-19' to stimulate thinking.

Organisation change and culture

THE CHALLENGE

This challenge was set by a Chair/CE pairing and poses the question: How to build and embed the culture needed to support the delivery of a radical new organisational strategy?

In the topic briefing note, the Chair/CE suggested that very few (large) charities have cultures which adapt quickly, so if new strategies are radical, organisations will almost certainly also have to invest equivalent effort into reviewing and developing their culture. Charities are currently facing high levels of uncertainty and challenge from the political and economic contexts in which they are working, forcing many to think very differently about their strategy and ways of working in order to continue to deliver their Purpose.

In the previous year, their organisation had published a new strategy taking the organisation back to its roots in community activism to address its core Purpose. In broad outline this raises challenges to established ways of working - from breaking down silos between different parts of the organisation, to focusing resources with much greater efficiency and impact, to devolving both decision-making and responsibility much further down the organisation, working more in local partnerships and supporting the ambition to build a national movement for change.

The Chair/CE pairing sought the group's thinking and experience about what a Board and Executive team in their position should focus on, and the kind of leadership they should model to ensure that the new strategy and associated changes in culture are successfully embedded and delivered:

- How to balance the inspirational and positive levers for changing culture with addressing the more difficult areas where people do not want to change?
- How to balance maintaining momentum with allowing time for strategic and cultural change to be embedded?
- How to change cultures in ways that 'stick' across the whole organisation?
- How does the Board get assurance that cultural change is being embedded and having the intended impact?

CHAIR/CE INSIGHTS AND IDEAS

The Board and Executive, as the leadership team, have to both lead and model the change, but also stimulate bottom up change

- Big culture change needs top down leadership to drive it early on, even if this is a paradox
- We can be different and still lead change – we may recognise that big heroic approaches to leadership don't fit with Values any more, but we can still lead from the top
- And according to where the organisation is on its journey, heroic may be needed!

The change programme is only one part of the whole; it's easy just to focus on one element.

- There may be a need for a defined change programme; there are risks and benefits and you need to be clear what these are as you embark, and along the way; you may well be asking people to change when things are tough, and have to think about how to pitch it
- Culture change is "a forever thing" and takes time

We need good examples to learn from

- Good examples (especially in the organisation's history) are dispersed and subtle; it's easy to jump on the obvious bad examples
- We need to convey where we are on the journey and track it with soft intelligence (the truth will be in the organisation)
- People will know who the blockers are, and the quiet ones will be pleased
- Some shared learning:
  - Don't damn the past; say why things were important at the time
  - Try and understand what is driving particular behaviour and find the reason behind it
  - Recognise the dowry people bring
  - Value the context of difficult things and shift a little
  - Listen and try to accommodate (use lots of face to face)
  - Take the image of shoots and brambles – 'don't just attack the brambles as they bring us blackberries' (and look at the Tangled Bank hypothesis to link back to ecosystems and nature for learning)

Cynicism is love gone sour (it was noted by some of the CEs present that those talking about valuing difficult people during change – above - were mainly Chairs!)

- Of course it's true that when cynics shift they will be the best supporters of change (the most convincing)
- Of course working with passion/energy is better than working with apathy
- But you also have to think about the management of change:
  - Sometimes people have to go – anything else would be a fudge; you can create elegant exits for people; you can create a listening space with difficult people (with 'get over it or go', as a last resort)
  - Some have had change in the past and let people 'get away with' not changing, and have then had to go back and do much more onerous rebuilding
  - The Beckhard Harris change formula can be a very useful guide to developing change conditions and explaining the rationale (at every stage of the journey)

There are important links between strategy, governance and change

- It is likely to be the case that the Board is also going through change – along with the rest of the organisation; this needs to be communicated too
- It really helps when the Board models the behaviours associated with the change you want to see

Trust is an important element in culture change

- The fallback position must be trust, not distrust – everyone serving the same shared purpose
- It's really important for the Board and Executive to have conversations about trust; you have to include the Board and hold trustees to account for their behaviour too
- Culture, leadership and values need to be linked up and articulated in a meaningful way

EMERGING QUESTIONS

Generative discussion very often leads to the emergence of more questions. These are some that Boards and senior teams might want to consider as part of strategic discussions or team development sessions:

- What kind of leadership behaviours both provide a guiding framework for change and encourage people to be free and adapt within that framework?
- What can trustees do to create a climate of trust across the organisation?
- How can the Board communicate directly with the workforce during change without undermining management?
- How can we gauge when we have got the critical mass of the workforce with us on the change journey? What 'soft' (and not so soft) indicators can we use to determine that we are having the desired impact from culture change?

CONNECTIONS WITH OTHER INITIATIVES AND RESOURCES

Polly Neate, Chief Executive of Shelter has written a blog for Civil Society, describing 'How Shelter is putting Better Way leadership principles into practice' as part of the recent strategic change programme at Shelter.

Frances Frei has written extensively on trust in organisations and relationships, and in this article Begin with Trust, she looks at trust as an essential component of empowerment leadership, and then at the core drivers of trust. Trust is also covered in a Centre for Charity Effectiveness guide to developing the whole top team (Board and Executive), part of the Building Better Governance series.

There is a wide range of literature exploring and explaining how to create an agile organisation – able to adapt in volatile and complex times, and how to be an agile leader. Two useful introductions are from McKinsey & Co: Leading with inner agility and The Five Trademarks of Agile Organisations.

And finally on conflict (often a by-product of change), the SSIR have a very interesting article on The Upside of Conflict – ensuring a healthy perspective on disagreement, increasing resilience and acting as a spur to greater innovation.

Strategic leadership

THE CHALLENGE

This challenge was set by two Chair/CE participants in the discussion series. Their topic brief suggested that, in our wish to steal ideas and concepts from other sectors, it could be argued that our sector has a bit of an inferiority complex.

In the past our leadership has reflected this. The Chair/CE pair asserted that in the 1980s/1990s the sector was replete with CEs who had come to the sector at the end of successful military, private or public sector careers. We did not grow - or value - 'our own'. And the same is still true, to some extent, in our Boards. Adverts for large charities still often seem to value networks and access to high value individuals first and skills second, with private or public sector experience prized and sought most. This perhaps stems from a traditional view of charity our Victorian forbears would recognise – those who *have* 'putting back' for those who *haven't*.

With this leadership has come a lexicon drawn from outside the sector particularly in our approach to strategy – so we talk of growth and reach (market share and penetration); return on our endowments or fund raising (return on investment); scale and efficiency (mergers and acquisitions); key performance indicators (hard quantifiable data).

Some of the larger charities unashamedly seem to pursue growth as a desirable end in itself, whereas we recognise that being larger isn't ever going to be the answer to the issues we seek to address. Our way requires a very different approach to strategy and a much more nuanced approach to how we assess impact. Reach, for example, remains key but against an understanding that more may be reached indirectly than directly. Relations with the public and private sectors remain valued but as much to influence their behaviour and actions as to secure resources. Collaboration around common cause should be sought over competition against contracting competitors. Societal mission and purpose should be sought before organisational prestige and power. Interestingly, seen in this light the strategy challenge in the sector is far more interesting, and far less straightforward, than that of our private and public sector peers.

However, this more nuanced approach begs fundamental questions for:

- **The nature of leadership** – at Board and CE level. It requires a different set of soft and hard skills. Less General: more Diplomat. Less heroism: more humility.
- **The nature of the discourse and language around strategy**

The group was asked to discuss whether they agree with this view and to consider what it means for us as organisations and leaders?

- What are the leadership traits we need in Boards and CEs?
- How do we secure them?
- And how do we ensure our Boards and governance and management structures are properly connected to the needs of those we exist to serve (noting the current criticisms of the sector's governance and leadership on diversity (see #CharitySoWhite; Voice4Change England and ACEVO's Home Truths). And if we see ourselves as system leaders/influencers:
- What is our role as leading charities and in creating a new lexicon and discourse on the unique and differentiating strategic role of charities?
- And where and who else might we look to and learn from?

CHAIR/CE INSIGHTS AND IDEAS

What are the leadership traits we need?:

'Soft' skills

- In recent chair recruitment some have sought 'soft skills': reinforce the Values; respecting others; being a great person to work with; less heroism, more humility; the ability to challenge in a non-aggressive way
- As a leader, seek to be 'in the middle' of people who seek change/want to do good; as a CE, in the middle between the Board leading on strategy and the Executive who are feeding up from the front line
- Being in the middle is about sitting with something, learning, waiting (particularly in a meeting) and devising solutions from what's there (not reaching for an off the shelf model); being comfortable with complexity
- The best leaders relish holding unresolved tensions and are comfortable with risk

- In recruiting trustees another organisation focusses on traits – how people operate, make connections, synthesise, get things done; have been thinking about how to probe for these traits in interviews
- Schools should be helping to develop soft skills

'Commercial' skills

- One view was that management and financial skills are still shockingly underdeveloped in the charity sector
- But how relevant are conversations about competition, market share, a focus on growth; going for numbers can create pressure and an adversarial culture which does nothing to help service users (help people more, not help more people should be the way)

How do we secure them?

- Don't just think of trusteeship for people at the end of their careers – it's a fantastic career/development opportunity; think about what skills you could develop as well as bring (and boards should provide an environment where learning and the development of new skills is encouraged)
- Neurodiversity: bringing different perspectives to the table
- Keep skills audit in head when recruiting trustees but with an open mind to anyone who would increase board diversity – we say we want people to open up thinking, but then bring them into a closed environment!
- Use blind recruitment – really diverse – geography, gender, ethnicity
- Most recruitment interviews are conducted in an adversarial way – which favours those who operate well in that environment – perhaps letting candidates have the questions 30 minutes ahead of the interview would be more effective?

How we can shift the leadership language

- Our sector has much to contribute to the lexicon; we should influence by recognising our own leadership model and living it; sell ourselves better in what we do (the age of economics is over; we need more complex models)
- Board composition is an issue – need people who think differently, are properly connected, are diverse, and need to have care with the shift to 'lived experience' – a risk associated with having potentially vulnerable people running organisations

EMERGING QUESTIONS

Generative discussion very often leads to the emergence of more questions. These are some that Boards and senior teams might want to consider as part of strategic discussions or team development sessions:

- How can we design a leadership model that is in tune with our Values? What sort of behaviours must we adopt/recruit/develop?
- How do we adjust our strategy language to be in line with our Values and ambitions for impact?

CONNECTIONS WITH OTHER INITIATIVES AND RESOURCES

An interesting article on neurodiversity with helpful links, by Chi Chi Izundu (BBC 2020) 'Does your company nurture diverse talent?'

Two articles from Harvard Business Review on board diversity and inclusion:

March 2019: When and why diversity improves your board's performance

June 2020: How diverse is your board really?

New mindsets is a topic explored in a MIT Sloan Management review article (2019) Leadership Mindsets for the New Economy, it outlines four leadership mindsets which chime with the discussions as being much less focussed on leader as hero and much more on collective leadership: Producers (pursue customer value); Investors (pursue Purpose); Connectors (pursue relationships); Explorers (pursue curiosity).

A CCE publication (2014) Bridging the Gap was published as part of the then Lord Mayor's Leadership Programme in London, aimed at people moving into the charity sector from the corporate sector. Some of the content is out of date, but there is useful thinking about the Ladder of Inference (page 21) in the context of unconscious bias, and a discussion of how differences in culture can create misunderstandings (from page 22).

CCE also have a project on Lived Experience and governance and will post learning from the conversations about what works (and what doesn't) on the website from November 2020.

Leading in turmoil

THE CHALLENGE

This topic was set by the series Chair, Professor Lynne Berry, after a six-month break in proceedings due to the Covid-19 pandemic. Lynne was keen for the group to explore the governance and relational implications of leading an organisation through a period of turmoil and suggested two questions to get the conversation started:

- **Has the balance between scrutiny and support changed during this fast moving period and what are the lessons for thinking about risk and opportunity in the future?**
- **Is this turbulent period a time of retrenchment and repair, of reform and renewal, or one of reimagining?**

CHAIR/CE INSIGHTS AND IDEAS

A powerful enduring theme of Trust

- Trust is central to the Chair/CE relationship: an imperative and endorsed as such by all
- The trust that was there has deepened as a result of working together through turmoil (Chair/CE, Board and Executive), supported by a deeper understanding by the Board of what the Executive roles are, the complexities, and the impact turmoil can have on individuals
- Those who have been feeling distressed and not in a good place (CEs) are in that situation because either trust had not had time to be established pre-pandemic, or it just isn't there at all

Linked with Trust is Confidence

- When the Board and Chair are confident in the Executive there is no tendency to rush in and resolve things; with hindsight, the relationship established prior to the pandemic had to be strong enough to withstand the unexpected as well as the routine
- Understanding of the boundary between the Executive and Board and the way each sits alongside the other is fundamental to ensuring trust and confidence (you need to work at the mechanisms – 'what works in peace also has to work in war')
- CEs valued the 'headspace' and room to make and execute decisions at fast pace

Linked with Trust is Vulnerability

- The level of trust built through turmoil enabled a wider openness about vulnerabilities
- This was especially apparent when Black Lives Matter caused moments of personal reckoning, leading to questions about 'my own leadership'; 'I would not have made myself so vulnerable before Covid-19'

Frameworks and systems provide assurance that reinforce Trust

- 'If we had not gone through a period of governance renewal prior to the pandemic and put things in place to ensure our governance is fit for purpose, we would not be in the relatively sound position we are in now'
- Strategic renewal including broadening our funding base prior to the pandemic ensured a much more resilient position through the turmoil and beyond
- 'Our strategy provided a backbone through the crisis'

- 'We relooked at what governance is for' and 'stripped it to the essentials'
- A number established interim assurance frameworks (extra board meetings; small agile decision-making groups made up of committee chairs and the Executive) to enable decision making and assurance at speed
- Some CEs initially saw this as extra work (and it was extra work!) but now also see the added trustee engagement as crucial, both providing opportunity for the Executive to be really clear on rationale and test their assumptions, and to demonstrate that many trustees are extraordinarily committed with a keen focus on risk
- A number see an improvement in meetings practice because of changing practice through the pandemic: better questions in meetings, people checking assumptions, reflecting and shaping their own thinking, levels of engagement improving – with a greater sense of shared leadership
- Nonetheless 'it's been a heavy burden and hard work'
- The extra internal 'management' focus has been at the expense of building and developing the external role and limited a number 'when we wanted to be out there with beneficiaries'

You can't get resilience and agility without stable foundations (and turmoil has an accelerator effect – reinforcing the importance of good habits)

- A number have seen a marked shift towards a more agile way of operating that will remain the norm post crisis
- Frameworks such as governance, assurance and the strategy have enabled difficult decisions whilst retaining a focus on purpose – 'holding us steady'
- A focus on the beneficiary steered people through tough times and provided context for decision making and prioritisation; this has been especially important when making decisions about jobs, and losing valued colleagues that we can't afford to keep

Charting progress through turmoil

- A number used their established strategy and adapted it (dropped some things and gave more focus to others)
- But it remains a challenge to know how well you're doing and what success looks like when you go through turmoil

The role of the Chair to bridge

- 'Vitally important to keep all members of the Board feeling included'
- Not to question trust, but to reinforce 'the need to know the rationale for a range of fundamental decisions'
- The need to both make sure the Executive are given the level of trust they deserve whilst also keeping trustees on board
- The Chair 'walks the boundary tightrope' between governance and the executive function

The centrality of great communications

- There were numerous examples supporting the need for regular, quite detailed communications through the turmoil:
- Some led by the Chair, some by the CE (according to who was seen as best placed given the circumstances)
- A number used VLOGS and weekly bulletins (streams of consciousness)
- Others found 1:1s between the Chair and trustees really useful and meant that 'we made sure trustees were getting what they needed'; these also enabled the Chair to recognise the pressures on trustees who were often pulled in even more directions than usual, by having to juggle the day job, their non-executive/trustee responsibilities and their personal circumstances
- The extra communications and contact prompted really valuable 'moments of encouragement', especially from trustees to the CE
- Executive team members also communicated more with their opposite numbers and provided opportunity for check and challenge by trustees

The importance of having networks of support

- A number of CEs spoke of the importance of having peer networks:
  - Where you can be really vulnerable
  - It puts things in context – coming to terms with the enormity was a major challenge
  - You can do light benchmarking
- What does peer support for Chairs look like?

People look to us for leadership

- Managing their own anxiety was a real challenge for many staff and volunteers (people dying – colleagues

and service users as well as family); people not really understanding what was happening, being 'filled with uncertainty' about the nature of the threat to the organisation

- CEs role in providing sense-making, comfort security for staff was mirrored by the Chair holding this for the Board

Reform, renewal and reimagining

- 'Our focus has very much been on reform and renewal'
- 'We literally had to stop our dreams'
- 'We must now get to the point of reimagining'
- 'We need to shift from an internal to an external focus'
- 'I have learnt so many lessons: I don't want any more lessons!'
- 'I've made so many decisions.....'
- 'We have prioritised within our existing framework, and now need to take the space to understand how we now achieve our purpose best after such huge change: political change, Brexit, Black Lives Matter, policy shifts, completely different attitudes from ministers in this government, and Covid-19 is just one on that list'
- 'Above all the challenge is the massive increase in need and inequality; it hasn't felt possible to do a proper review of all of this so far'
- 'Given how society has changed fundamentally to get through this turmoil, why can't society change properly to address the wider societal issues such as Black Lives Matter, and the biodiversity and climate crises?'

Black Lives Matter

- 'We just have to survive Covid-19 and emerge from it (just deal with it), but the real challenge is to face the realities that BLM have awakened us to – we will be constrained in delivering our objectives until we sort this out'

EMERGING QUESTIONS

Generative discussion very often leads to the emergence of more questions. These are some that Boards and senior teams might want to consider as part of strategic discussions or team development sessions:

- How can we use our learning to redefine what governance is for?
- How can we use our learning to recast what leadership is about?
- How can we normalise/codify how we manage uncertainty?
- How can we have stimulating and idea building conversations with those who aren't like us, and with whom we may vehemently disagree?
- How can a bunch of mainly white, well-educated members of an elite, committed to learning and change, legitimately explore matters of race, diversity, inclusion and exclusion? (And if we don't find a way, how can the power shift as fast and effectively as we want it to?)

CONNECTIONS WITH OTHER INITIATIVES AND RESOURCES

The findings from this exploration echo a July 2020 Centre for Charity Effectiveness series of conversations connected with the 2020 Civil Society Trustee Exchange conference. CCE's short article 'Chair/Chief Executive: working together to build resilience' summarises the findings from another seminar, a series of interviews with Chairs and CEs, and a conference session on the topic. The article explores the role of the Chair and CE in bringing and building resilience in times of turmoil, and links this to the capacity for strategic agility, with reference to leadership and management literature, and includes the following suggestions:

For individuals

- Show vulnerability, be open about how you feel, and seek support
- Think about your propensity to trust and how to build trust in others
- Maintain a sense of reality (however grim it is!)

For the Chair/CE

- Work at the relationship; design it, don't leave it to chance; have stated agreements and role clarity
- Work at the ripple effect, especially across the whole top team: design it

For the wider organisation (everyone)

- Have a shared sense of purpose; use this to 'sense-make'; create safe spaces for dialogue
- Reach out to others and build networks and relationships
- Create habits and routines that aid reflection, encourage learning and insight

In the Chair/CE discussion exploring this topic, a significant theme emerged around the need now to consider the

future in light of the response to Covid-19, with many of the questions raised above challenging our sector to reimagine. These RSA Bridges to the future articles provide stimulating ideas and a 2x2 matrix to encourage reimagining.

Working at getting better at foresight through scenario planning always enables better strategic conversation, and this Deloitte blog on Leadership in turbulent times – better foresight, better choices for the Harvard Law School Forum on Corporate Governance provides a framework and some current examples.

Roman Krznaric is on Medium with a prelude to his November 2020 book "The Good Ancestor: How to Think Long Term in a Short-Term World' he encourages us to think about the 'tug of war for time'; this was signposted via the inspiring Rockflower quarterly newsletter.

Adam Groves from The Children's Society is also on Medium and has given an overview of how his organisation has responded to the Coronavirus outbreak, outlining how TCS asks itself some key questions - which could be helpful to many and reinforces the ideas above:

- What are services doing differently to support young people?
- Who influences whether new ways of working are introduced within services, and how?
- How are organisational behaviours and practices changing?
- What do we value? How have our priorities shifted and what are we letting go of?

Finally, throughout this exploration there has been a theme of thinking differently about leadership, and two articles about what successful leaders are doing will stimulate reflection across the top team (the learning doesn't just apply to CEs). In this blog from Boston Consulting Group, CEs reflect on Leadership in perilous times, highlight four practices which resonate with the thinking throughout CCE's Challenges in Contemporary Governance series:

- Purpose guides action
- The future is now
- People first (though we might also say 'beneficiary first')
- Communication demands authenticity

In its Fall 2020 issue, the MIT Sloan Management Review has a series of articles entitled 'Reboot your strategy' that could be of interest to those looking to reimagine, including an article on sense-making as a key leadership capability. For more on sense-making, Karl E Weick has written extensively on the subject and here's a helpful summary.

Reflections
Themes and rare insights

It is almost inevitable that an organisation like the Centre for Charity Effectiveness, with a passion for knowledge exchange and developing good practice in governance, strategy and leadership, would draw out these significant themes:

- The need to redefine governance in response to reflections on governance through turmoil: What is governance for? How can we adapt our understanding and the governance model to reflect our learning?
- Is the formulation of Julia Unwin's 'Five Ss' (Strategy, Support, Scrutiny, Stretch and Stewardship) still a useful formulation – is a focus on assurance and shared leadership more useful – especially in those charities that have 'professional' CEs? Where does public accountability come in?
- How can Boards take advantage of and nurture new (agile) governance practices emerging during lockdown that have encouraged trustees to be more forward looking, dynamic and streamlined in their practice and behaviours?
- The need to have more conversations about third sector leadership, to express and value our sector's leadership model in our own terms, and for individual organisations to define their approach to leadership in a way that reinforces their Values
- The need to create spaces where people with different perspectives can work together to tackle shared challenges; the urgent need to bring in the voices and experiences that we are not hearing

We had expectations about the kinds of contemporary governance challenges we would explore together; all these themes were in virtually every conversation, and were reinforced by the experiences of shared leadership through the Covid-19 turmoil:

- **Trust as the bedrock of governance;** it is the bedrock of all relationships but the challenge of 'walking the tightrope' of the boundary between a board and staff presents a challenge which will never go away and must be constantly revisited as the external context changes and as internal players come and go
- **Collaboration as a way of life** both internally, and more broadly externally, in ecosystems and across communities; there was clear acknowledgement of the importance of an ecosystem response to the major challenges we face: we cannot resolve these on our own, and the most effective response will be one shared across organisations and communities
- **Ecosystem leadership** requires a different approach, and it may be that our sector is more likely to hold the traits and portray the behaviours fundamental to success
- The importance of **agreed frameworks for assurance;** the need for these to evolve and adapt to changing circumstances; agility and assurance have never been easy bedfellows and this underlines the fundamental requirement to have Boards and senior leadership teams that are diverse, bring different experiences and perspectives, with a spectrum of different appetites for risk
- An unwavering need to ensure **clarity of organisation purpose** at all times, and of **keeping the beneficiary front of mind** in all deliberations: this comes with a sense that the Chair and the Chief Executive must first get this clarity and focus, and then - together – continually and with determination, reinforce the focus

The five explorations in our Challenges in Contemporary Governance series leave us with numerous questions which add to those highlighted in this closing reflection. They do say that great leadership leads to better questions: we don't have to have all the answers, just create a climate in which people will surge to find answers![4]:

QUESTIONS ON WORKING IN AN ECOSYSTEM

- How do we ensure cohesion between our organisation's strategy and that of a partnership?
- How can a group of very different organisations 'subvert' their own strategic objectives for the greater good?
- How does governance need to change in this new world of partnership and collaboration?
- How is governance handled in the new macro partnership 'organisation'?

QUESTIONS ABOUT THE NATURE OF NONPROFIT LEADERSHIP (INCLUDING GOVERNANCE AS LEADERSHIP[5]) – AND SETTING OUT OUR OWN STALL:

- What kind of leadership behaviours both provide a guiding framework for change and encourage people to be free and adapt within that framework?
- What can trustees do to create a climate of trust across the organisation?
- How can the Board communicate directly with the workforce during change without undermining management?
- How can we gauge when we have got the critical mass of the workforce with us on the change journey? What 'soft' (and not so soft) indicators can we use to determine that we are having the desired impact from culture change?
- How can we design a leadership model that is in tune with our Values? What sorts of behaviours must we adopt/recruit/develop?
- How do we adjust our strategy language to be in line with our Values and ambitions for impact?
- How can we use our learning to recast what leadership is about?
- How can we normalise/codify how we manage uncertainty?

QUESTIONS TO STIMULATE NEW AGILE GOVERNANCE WHERE DIFFERENT PERSPECTIVES FLOURISH

- How can we use our learning to redefine what governance is for?
- How can we have stimulating and idea-building conversations with those who aren't like us, and with whom we may vehemently disagree?
- How can a group of mainly white, well-educated members of an elite, committed to learning and change, legitimately explore matters of race, diversity, inclusion and exclusion? (And if we don't find a way, how can the power shift as fast and effectively as we want it to?)

It's really clear that the shared lens of Chair and CE (two overlapping circles) brings a unique perspective, and that in their diversity (though acknowledged as capable of being infinitely more diverse) they are able to blend and build on each other's thinking and provoke new ideas out of the conversation. And how much more insightful and impactful it would be with a greater range of voices. Our participants approached this first series of challenges with sensitivity, transparency, warmth and generosity – a real-time display of some of the best leadership qualities that pervade our sector.

Participants alerted themselves to some of the greater challenges that we all face: Black Lives Matter, inequality and exclusion, lack of social mobility, climate change and the biodiversity crisis are those front of mind. They make a powerful call to take bias (conscious and unconscious) out of governance, and include a greater range of voices in our future deliberations.

4 Adapted from Bloch and Whitely (2003) Complete Leadership. Pearson.
5 See Chait, Ryan, Taylor (2005) Governance as Leadership: Reframing the Work of Nonprofit Boards. Wiley and Trower (2013) A Practitioner's Guide to Governance as Leadership. Jossey-Bass

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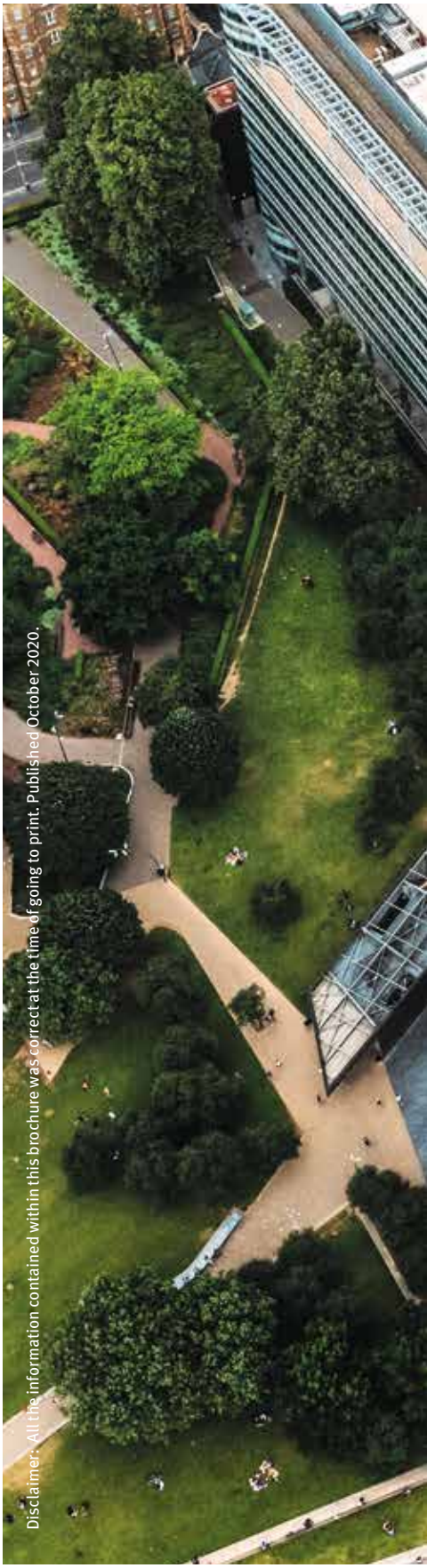

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