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Changing more than a name

Challenges in Contemporary Governance

Looking through a shared lens

Explorations: Organisation change and culture

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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 explorations from other discussions about governance is that they were aimed specifically at the Chair/CE as a pair.

The following is a summary of one of the five explorations that made up the *Challenges in Contemporary Governance* series. CCE is publishing summaries of each of these explorations as standalone short reports, together with a sixth report detailing further themes and insights gathered from the series as whole. These will be made available on the Centre for Charity Effectiveness website from November 2020, culminating in the

publication of CCE's full report on the series as a whole in early December 2020.

The full '*Looking through a lens*' report includes all six exploration summaries together with an introduction by the series hosts, Professor Lynne Berry CBE and Alex Skales, Director of the Centre for Charity Effectiveness, and more information about additional related resources on the themes discussed.

STRUCTURE

In this exploration, 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.

Throughout the discussion series, topics were set either by the Chair of the 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; this exploration has 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.

Explorations: 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.

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