

HOW TO IMPROVE NPO GOVERNANCE

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HOW TO IMPROVE NPO GOVERNANCE

Good governance is not magic. It is not based on complex theories, but on:

- common sense;
- a sense of people and their needs;
- willingness to listen, learn and change;
- good understanding of the organisation's objectives, history and current situation;
- willingness, time and ability to make sense of the issues;
- willingness, time and ability to plan;
- willingness and time to share ideas and information.

But sometimes things don't work out well. Board members or managers may find themselves unable to manage properly, or the problems may be more serious than they can handle. What happens then?

This Resource Material discusses:

- what management consultants can and cannot do and what management training and consultancy is expected to achieve;
- how to find teachers and management consultants;
- how do-it-yourself advice can help if managers refuse to acknowledge or overcome a situation.

It is important to remember that neither training nor consultation can compensate for a lack of clear goals and priorities, inadequate planning, flawed structures or procedures, or an interest in the personal careers of individuals rather than working together across the organisation with its users and members.

Good governance is the responsibility of all board members, managers, staff and volunteers. This responsibility can never be transferred to faculty or consultants.

Management Training

Managers, like all employees, will benefit from such training. But management training can only be effective if it is very clear what managers already know and what they need to learn. The content of this resource material, and the list of questions at the end, can be taken as a starting point for thinking about gaps in management skills, or areas where more in-depth theoretical knowledge would be helpful.

Resource material 11 can help to identify sources of network training, external or in-company training or courses to gain qualifications in professional management.

Management Consultations

A consultant is a person or agency invited to help an organization, team or group within it to address issues and develop its work.

The consultant is needed because:

- no one in the organization has the knowledge or skills required for a particular job;
- no one has the time to finish it;
- the organization looks at complex issues and asks for independent help;
- the organization realizes that it is not working as well as it could and wants ideas or recommendations for greater functionality;
- the organization is involved in some problem and no one knows how to solve it.

Consultation can boost good governance, but it cannot replace it. When the consultant leaves, the organization must move on. If the people in the organization still do not know how to manage or are unwilling to do so, problems will reappear even before the consultant's fee is paid.

Counselling is not the same as training, although they overlap. Training is a systematic approach to learning and is directed at individuals. Counselling may involve training, but it is a systematic approach to dealing with a situation or problem and is directed at the organization or team.

Consultation is not the same as facilitation. Facilitation helps people listen, communicate and respect each other. Consultation can involve facilitation but focuses on a situation or problem being communicated. (Obviously these can overlap to a great extent if the consultant is invited to address communication issues in the organization.)

Types of counselling

Management consulting is usually expensive. So before you contract a consultant, think about what you want from them.

Find out if the consultant is hired to:

- to give advice about or do a particular job;
- help strategic or business planning;
- help the way people relate to each other (process consultation);
- to evaluate the performance of the organisation and its achievements (external evaluation);
- to advise or make recommendations to improve structures, systems or procedures (organisational review or restructuring);
- to help the group resolve a conflict or other problem (problem-solving or mediation).

These activities may overlap but require a different approach by the consultant.

Consultation on specific tasks

If the consultant is invited to help with a particular problem, write a brief description of the problem and what you want to achieve. The problem description may change, but it will enable the consultant to understand what needs to be done and the organization to monitor the consultant's work. The personality profile will help the organization select the most appropriate person or agency.

Clarify when the work will be completed (either set a deadline or specify exactly what the work does or does not include). Sometimes consultations drag on because of the consultant's unwillingness to interrupt the work or the organization's unwillingness to release the consultant.

Consider to whom the consultant will be accountable, how the work will be tracked and what will happen if it is not done satisfactorily.

Strategic and business planning

If the consultant has been asked to help with strategic or business planning, specify what kind of help is needed and what qualifications and experience they should have. A strategic planning consultation is sometimes called an organizational review, strategic review or program review.

Make a list of necessary documents and other information that will be needed by the people doing the work. Consider what the advantages and disadvantages will be of bringing in an outside person for this purpose. In some circumstances, it may be wiser to hire someone temporarily to take over some of the general manager's routine work, giving managers more free time to read, think, and plan strategically.

If the decision is made to hire a consultant, clarify whether the consultant is expected to:

- facilitate discussions within the organisation to help people come up with their own ideas;
- undertake a feasibility study and present it to the organisation without making any proposals for action;
- present proposals for action;
- makes recommendations for the activities of the organisation, according to its vision.

As far as consultations concerning a specific task are concerned, think about a deadline, accountability and monitoring and what would happen if the work is not satisfactory or if suggestions and recommendations are inappropriate.

Process consulting

Process consulting, sometimes called process review or process evaluation, is concerned with how people communicate with each other and how decisions are made and whether organizational or team structures and procedures need to be changed.

For the counselling process, it is particularly important to choose a counsellor with experience in group dynamics who is willing to help overcome relationship problems. Many management consultants tend to deal with specific issues, strategic or business planning, or organizational structures and do not have the skills to deal with complex interpersonal relationships.

It is likely that the consultant will want to meet with the whole group or representatives of the group to get different people's views on what is happening and what needs to be improved beforehand.

It can be very difficult or inappropriate to set predetermined goals in the counselling process. An experienced and capable adviser needs to make sure that the advice does not sink to the level of expensive paid whining. She or he must also teach the group members ways and ideas on how to deal with problems and feelings that arise.

External evaluation

Issues related to the use of an external person or agency to evaluate an organization's performance or services are addressed in Resource 18.

Organization review or restructuring

A consultant called in on issues related to structures, systems or procedures would be facilitated if the organization made a list of the major issues or divided them into categories. These could be, for example, unclear overall objectives and priorities; unclear authority, job descriptions or allocations; inadequate information or communication; ineffective meetings. The consultant would use this list only as a starting point, but it would save time as some of the thinking has been done in advance.

When the list is drawn up, clear objectives must be set. Is the consultant expected to address all these issues and achieve all these objectives? What are the priorities? What can the consultant realistically be expected to achieve?

Is the consultant expected to help people in the organization achieve self-improvement? Or is she/he expected to make suggestions, recommend a specific course of action, outline detailed flowcharts for some or all of the steps, and/or help the organization implement new structures or procedures?

Resolving conflict

Similarly, when a consultant is hired to help resolve a conflict or other mess, it would be easier if the information were presented in a clear, direct way and if people were clear about whether the consultant should help the group resolve the problem themselves or if the consultant would recommend their own solution.

The use of external mediators is discussed in Resource Material 12.

Compilation of assignment

Assignment compilation

Once this preliminary work has been done, read the section on self-counseling below, the section on self-conflict resolution in Resource Material 12, and other relevant sections in this book. Ask the questions, “Do we really need a counselor? Can we use the time that counseling will take to do this on our own? Could we use the funds needed to hire a temporary employee to ax waste some of our free time?” By then, the organization should be very clear about what it wants the consulting to accomplish and whether it really needs an outside person.

If the decision is to proceed with a consultant, the organization should draw up terms of reference for the consultant, what the consultancy is expected to achieve, the time required, how the work will be monitored and evaluated. The terms of reference may also specify how the work will be carried out (the methodology) or this may be left to the consultant to determine.

Finding a consultant

There is no separate training, qualification or certification for the civil sector consultation. People who become consultants may have a degree in a specialty, or may have worked in the civil sector, or held a consultancy position, for example as a social worker in local government. They may have been municipal workers or involved in community development, worked in a small or co-operative business, or been involved in a commercial management consultancy. And they may have done none of these things. Anyone can become a “consultant.”

Therefore, the organization takes a great responsibility to find a suitable person.

The most important issues to clarify are:

- is it important that the consultant knows the specifics of your work and what level of competence is required, or is “general” knowledge acceptable;
- does the consultant need to have specific knowledge and skills, for example about employment law or information technology;
- whether it is appropriate to seek counselling from a particular race, ethnic group or gender and whether this is lawful;
- the criteria against which a consultant’s application will be evaluated;
- whether you want to contact just one consultant or several before making a decision.

When contracting with potential consultants, briefly explain what the organization does, how many paid staff and volunteers it has, why the consultancy is being used, what it is expected to achieve, the time and money involved, and when the work should be completed.

At this stage it is appropriate to ask the consultants:

- are they interested in the work;
- whether they have done similar work and, if so, to provide contact details of two or three organizations they have worked with;
- work, training or other experience that are relevant to the counselling in question;
- briefly describe what approach they will use;
- how they will ensure the inclusion of diversity and diversity-related issues in the planning and delivery of the work;
- how much time they assume they will need;
- whether the objectives can be achieved in the time allowed;
- when they will be able to start work (a good consultant can be engaged weeks or months in advance, so plan early);
- what report, if any, will be provided at the end of the consultation;
- offer follow-up assistance;
- what their fees are, whether they charge extra for preliminary meetings, how the costs are calculated and whether VAT is included.

The consultant selected to perform the work will arrange at least one preliminary meeting to discuss the situation and goals of the consulting in more detail, to negotiate fees, schedules, methods for reviewing the work, and other specific issues. The objectives and other topics discussed should be set out in writing (letter or formal contract). For more on drafting a contract and managing work performed by someone external to the organization, see the sections in Resource Materials 9 and 10.

An individual employee or work group within the organization should take responsibility for liaising with the consultant, providing documentation and other information, periodically reviewing performance, and discussing any issues or causes for dissatisfaction that arise during the consultation.

There is no point in engaging a consultant if there is no willingness to work with him/her and seriously accept the consultant's report and its recommendations.

If management does not point out the problem

What happens when managers don't want to manage, don't know how or can't manage? This is one of the most difficult situations an organization can find itself in and there are no easy answers.

In well-managed organisations, the board or managers will recognize problems, discuss them and propose solutions. But if they can't or won't do that – or if they are the problem – someone else should try.

“Our managers are incompetent, our methods and procedures are invalid and we are mired in problems. So hopefully you could train us in half a day how to deal with all this.”

Such unrealistic expectations can turn away even the most experienced consultant to take on the assignment.

An outside consultant can name what is being overlooked and help managers see their weaknesses. But if the general manager doesn't see the need for a consultant, the organization can't invite one. Or if the manager drafts the consultant's terms of reference in an inappropriate and restrictive way and controls his or her conversations, using an outsider can end up wasting time and money.

Where people in the organization are aware of managerial inefficiency and incompetence, it may be more beneficial for them to deal with the situation by resorting to DIY counselling.

DIY /Do It Yourself/ Consulting

DIY consulting takes time, dedication and tact. But the benefits can be significant:

- the organization is better managed;
- Individuals realize that they can take responsibility for changing the situation without relying on external consultants;
- individuals can gain skills and ideas that they can use to tackle other problems in the future.

Incompetent managers – whether among employees or on the board – are certainly an important contributor to poor management, but poor management is almost always rooted in organizational factors that outweigh personal incompetence in importance.

DIY counseling takes up the search for these factors. The problem will usually manifest itself as the “mismanagement” effect. The person who wants to do something about it needs to look beyond the effect and look for the causes. Why did this situation or this problem occur?

Listed below are some of the causes of managerial ineffectiveness and ways in which they can be addressed by non-managerial staff (or, indeed, by managers). In some cases, all a non-manager can do is suggest that managers do something. If they refuse there's little choice but to wait and make the offer again in a few months' time when the managers are likely to be more compliant. But in many cases non-management staff can take significant action.

For more ideas, read the relevant Resource Materials (or strategically toss a link to the boss's email). For practical exercises and ideas for improving teamwork and management processes, see Resource Material 6.

Unclear objectives

No one can govern effectively if goals and priorities are unclear.

If this is the main problem, some approaches are:

- suggest that the board and/or staff form a task force (which may be called a development group, strategic group, or planning group) to outline what the organization wants to accomplish in the coming year, put together a work program to achieve those goals, propose the goals and program to the staff and board for approval, and help the people responsible for managing the work implement and monitor the work program;
- suggest the introduction of regular (annual or bi-annual) review days or strategy days for some or all board members, staff and users (if appropriate), perhaps led by an external facilitator, to review achievements and set targets for the next period;
- ask “why are we doing this?” or “does this align with our overall goals?” if the board or individual managers are veering off in an odd direction;
- try new activities or ideas if there is not enough time or resources for them.

Unclear assignments and limits

Sometimes individuals or groups do not govern well because they do not understand that they are expected to do so or are not aware of what it means to be governed.

Ways to improve such a situation include:

- Propose drafting terms of reference for the board, executive committees and general managers, specifying the issues to be covered and whether the board or manager can make a decision or only make suggestions or recommendations on each issue;
- ask at a meeting if it is not clear, “can we make a final decision or will it be made elsewhere?”
- hold a meeting to necessarily decide who should take action on any decision made at the meeting;
- encourage managers to clarify “boundary disputes” about who should do what remains undone each time, or is duplicated, or is done by someone who, in common opinion, should not be doing it.

Ineffective and inefficient meetings

Bad management and bad meetings are inseparable. An endless cycle is created: poor management means that people do not have the information or skills they need to participate fully in a meeting and make appropriate decisions. So decisions are not made, or if they are made they cannot be implemented, so the people responsible for management do not know what they are supposed to do or are expected to do the impossible, so people do not get the information they need in meetings to make other decisions.

Breaking this cycle can be done by:

- suggest the development of appropriate agendas for all meetings, including staff meetings (see Resource Material 7);
- request informational materials in advance;
- read the information material and make other preparations;
- offer the Board training for the Chair, Recording Secretary and others or provide them with a copy of Resource Material 7;
- dare to say, “It seems to me that I don’t have the information I need to make this decision”;
- you dare to say, “It is not clear to me what is decided.”;
- suggested that staff responsible for an activity should undertake the preliminary reading, thinking and discussion (and perhaps drafting) of complex issues so that each member of staff does not have to be an expert on everything.

Members of the Management Board

Board members may find themselves unsure, unknowledgeable and uncertain of their responsibilities and/or over-committed. They may be unable to challenge or even consult staff.

Ways to overcome these difficulties are:

- holding an information session before people are elected or appointed to the council to find out what they are getting up to and what will be expected of them;
- prepare an induction manual for all board members (see Resource Material 1);
- conduct an annual induction and update session for all board members (not just new appointees);
- having a conversation with board members about what they bring to the organization and what contributions they would like to make and what they expect from the organization;
- offer a written agreement to board members (or at least a discussion) specifying what is expected of them (attendance at meetings, pre-reading newspapers, participation) and what the organization will provide (training, pre-meeting information, opportunities to meet people from other voluntary organizations, reimbursement of travel and other legal expenses);
- suggest that some board members attend courses on the skills and topics they need, or organizing an in-house course specifically for the board.

Unclear job descriptions and expectations

Even a good manager cannot properly manage staff or volunteers if their duties are not specified.

Ways to improve this situation include:

- insistence that all staff receive written contracts (this is a legal requirement) and be given a job description;
- a proposal to conduct an annual review of all job descriptions with a view to updating them;
- making sure volunteers know what is expected of them and what they expect from the organisation;
- asking the question, “Who’s going to do it?” when new projects and tasks are started;
- asking the questions, “How will we know if it’s done right?” or “How will we know if I’m doing the right thing?” if expectations are unclear.

Inadequate supervision

When an employee, paid or volunteer, botches a job, it is too late to intervene. Good management involves regular measures to supervise and review work, discuss difficulties and clarify practices (see Resource Material 10).

Changes in this area require management support and approval and those that can be suggested by people in the organization are:

- periodically (perhaps monthly) giving all employees the opportunity to discuss their progress and problems with others;
- offering periodic (perhaps annual) appraisals to all staff;
- providing similar opportunities for managers to be discussed and evaluated, perhaps by an individual or small group on the board or by someone external to the organization.

Chaotic administrative system

It is impossible to have good governance without adequate information and administrative systems. There must be clear filing systems, libraries, work diaries (electronic) and annual plans, procedures for handling mail, phone calls, e-mail and breaks (see Resource Materials 22 and 24).

Each individual can take responsibility for improving these systems by suggesting:

- maintaining an electronic calendar for all employees to record the time they will be absent from work, traveling or attending meetings;
- improving information systems, rather than constantly complaining about difficulties in finding information;
- improving administrative systems, rather than constantly complaining that they are not working properly;
- every few weeks or months, hold an archive clean-up day;
- introducing checklists or procedure books instead of complaining that people don't know how to do the job properly.

Inadequate financial management

Good decisions about funds cannot be made unless people have understandable, up-to-date and accurate financial information.

If it is not available, the first steps to obtaining it include:

- reading Resource Material 23 to clarify issues and get ideas;
- requiring specification of who must provide financial information, how often and in what format;
- insistence to provide this information;
- seeking clarification if the information is unclear or too complex;
- request financial training (or simpler presentation) if people consistently cannot understand the information.

Disagreements and conflicts

Good governance involves recognizing, accepting and valuing differences, creating opportunities for different points of view to be expressed and overcoming conflicts if they arise. Employees or board members who feel that disagreements and conflicts are not being properly managed can do the following:

- read Resource Material 12, which will help them clarify issues and get ideas;
- suggest ways to improve meetings, take time to listen to different perspectives (see Resource Materials 6 and 8);
- offer informal opportunities, separate from meetings, for discussion and debate;
- turn words into action: listen to people and treat them with respect, even if they make difficult, unpleasant or “politically incorrect” statements;
- act as an informal mediator to help resolve conflicts within the group or offer to do so formally.

Managerial incompetence

Incompetence may not be the only cause of managerial inefficiency, but it remains a cause.

How would the rank-and-file employee deal with this?

- An employee who is concerned about the competence or qualities of a supervisor could, if appropriate, contact someone at a higher level (talk to the executive director about the immediate supervisor or discuss with the board chair or the chair of the executive personnel committee). This can be done formally or informally, but should be in the spirit of seeking advice and guidance, not complaining.
- The manager can be provided with information on opportunities to receive appropriate training. Or if this is not possible, it can be dropped off in a strategic location where the manager can spot it.
- A supervision session, review, or other discussion with the principal can be used as an opportunity to say, “I don’t feel I’m getting the support I need from you”
- Some organizations provide each employee with a “personal advisor” from the governing board. This person may advise the employee or relay information to the board chair or executive personnel committee. If this applies, employees and the personal consultant should be clear about whether discussions are confidential, what will be reported to other board members, and what to the manager in question.

- A board member concerned about the competence of the manager has different options- discuss it with the board chair and/or the chair of the executive personnel committee. They would probably want to discuss the situation with the manager's immediate supervisor, if there is one.
- Recommend a procedure for periodic discussions with the manager and periodic evaluations of his/her performance (see Resource Material 10). These discussions may be with a member or members of the board or with someone external to the organization. If they are with a board member, everyone should be clear about whether they are confidential and, if so, what will be reported to the full board. If held with an outside person, everyone should be clear if they are confidential or if and how the information will be relayed to the board.

Training on specific management issues may be helpful.

- The organization's recruitment and selection procedures should be examined to try to discover why a person who is incapable of doing a particular job has been appointed to a management post.

Managerial incompetence is a serious issue that can affect the stability and future of the organization. Measures must be taken as soon as possible to solve the problem or at least limit the negative consequences.

The risk of over-management

The more professional CSOs and community groups become, the more they risk becoming more focused on governance. And as more and more importance is given to communication, planning, monitoring, accounting and evaluation of management activities, the main purpose of the organization may be lost. Finance, fundraising, personnel and legal issues may become the main topics on the agenda, at the expense of time on issues of developing new services and activities or improving them and on creative work.

A serious challenge for managers and boards in the civic sector is to try to prevent this by creating and maintaining a good and appropriate balance between effective management and responsible, creative service delivery.