

A Trusted Role:

The challenges of creating an effective trustee board

Introduction

This document is an attempt to pull together some of my experiences¹ of trustee boards over the last 25 years, and in doing so, to set out how charities can overcome the key challenges that face a group of trustees. I identify four challenges in creating an effective board: finding the right trustees, making use of every trustee to the full, getting a board to make strategic choices and making sure a board fulfils all of its multiple roles. I then finish off by setting out how I think an individual trustee can be proactive in making the most of their role.

These are my personal views. They are not rigorously tested, nor are they based on extensive interviews or surveys. Many people, I am sure, will disagree with my observations and ideas. The key issue for me is whether my experiences are useful in stimulating others to look at how they can make the boards on which they sit more effective.

Challenge 1: Having the right trustees

It's not easy to get the right trustees for a charity. There are three broad mechanisms by which charities can typically recruit trustees:

1. **The shoulder mechanism.** Most trustees are recruited by being tapped on the shoulder by somebody, either an existing member of staff or a trustee. On a number of levels, this mechanism has pros and cons. The downside is it is not very open or transparent. It is unlikely to bring new ideas onto a board, nor does it do much for board diversity as new trustees are often friends of existing trustees. The upside is it does have the merit of cutting down on interview time and, if done well, can at least get new board members with specific skills.
2. **The democratic mechanism.** Many boards use elections amongst the membership as a way of finding new trustees. This has the benefit of being very open and transparent, but it's not always completely inclusive because the

¹ See the end piece for my experience on, and with, trustee boards

hurdles to being a candidate can be set high (e.g. length of membership or number of endorsing signatories). It is also a very uncertain mechanism for recruiting people with the right skills because there is no guarantee that those who get elected will bring new skills or perspectives. Those who get elected will often be those with the most (voting) friends or who make members feel the most comfortable.

3. **The advertising mechanism.** The best route to a board with the right breadth of skills is to do a skills and a governance review and then go out and fill the gap in skills or culture. It is not always easy to advertise and recruit trustees. It often costs money to advertise in the places people may be looking. There are websites for trustees, but as yet few seem to have a critical mass of vacancies or users. It can be time-consuming to look through numerous applications and awkward to interview and then reject people who want to be volunteers. That said, all those hurdles can be overcome and advertising for trustees, just as would happen with staff, remains the best route to get a board with skills, energy and commitment in my view.

No matter what the skills of trustees individually, it is the board as a whole that needs to do the job of governing a charity. This means that typically, a good board will have a broad set of interests and skills and will work together to create a team that delivers collectively more than they could do individually. Indeed, a good board may have a 'balanced set of axes to grind' about all the issues a charity faces. Some trustees may find they have little in common with each other, but collectively the key is whether or not they do the job.

Be wary of lawyers giving governance advice

There is a school of governance advice from the legal world which loves to focus on the legal side of being a trustee and running a charity. Typically, this approach focuses on 'fiduciary duties', the legal duties of trustees, the need for risk registers and so on. Don't get me wrong, all this is very important. However, we should not be surprised if this legal approach puts people off being trustees because it makes being a trustee sound quite onerous or dull, or both.

Challenge 2: The challenge of making use of every trustee to the full

Boards often have what I call **a rule of thirds**; a third of trustees (often the honorary officers and committee chairs) are very useful and important. Another third of trustees are useful if asked or in certain situations, while the final third of trustees make hardly any contribution at all. The challenge is to improve those percentages through the

work of the honorary officers and staff. Sometimes it's possible to shift those percentages, sometimes it isn't.

At the heart of the difficulty of using trustees to the full is what I call **the problem of trustee number 8**. If somebody isn't an honorary officer, isn't on the inner sanctum committee and doesn't chair a sub-committee of any sort, how can their skills and expertise be used to the full? How can a board's chair make use of a trustee who has no formal role in terms of committees or advisory groups? Sometimes the answer can lie in each trustee having a portfolio or activity to be responsible for knowing about, or a number of staff to link with. However, the default position for trustee number 8 (and the subsequent numbers beyond them) is they will probably be or feel underused unless the board works hard to overcome that default position.

There are good reasons why using trustees to the full is hard. One obvious one is that trustees **only have limited time to make a big impact**. On top of that, staff can often treat the trustee inbox as if it were a landfill site. Nobody ever made an impact by reading papers. They make an impact by reading papers, digesting the implications and then making something happen. So with limited time and often a day job too, it's not surprising that trustees can struggle.

The problem of limited time is compounded by what a CEO told me were her two major trustee problems: **the ones who have the time don't have the skills, and the ones who have the skills don't have the time**. With a host of meetings to go to, it's not hard to see how even experienced trustees miss out because they can't get to them or find spare enough time to make a difference. As Disraeli said, "history is made by those who show up."

One of the quirks of trusteeship is that the trustee role is **often defined by how many meetings they should go to**. For example, 'there are four board meetings a year and each trustee will sit on a sub-committee.' This is a daft way to define a job role. Imagine if we defined paid jobs by the number of meetings a member of staff should go to. Not only would we be unable to count ('this new post in fundraising entails attending at least 250 meetings a year, but to honest we've lost count') but also everybody would see that the job role was defined by the means, not the end. I think sometimes it's helpful to imagine how a trustee could do a great job without ever going to a board meeting.

Collective responsibility can mean absence of responsibility. A nice big board with lots of talented people all very interested in the charity can bring a different kind of problem. With so many people, each individual trustee can feel a minimal personal responsibility for what happens on the board, particularly if they aren't carrying out a particular role. The impact of this can be subtle, but it means that a trustee may feel it

won't really matter if they don't read the board papers, contribute to board discussion or even turn up to board meetings. Some of these issues can be tackled through having broader board roles, but at the heart of the problem is if a trustee makes five comments over the course of a year at board meetings and little else outside them, are they really pulling their weight?

Challenge 3: Getting a board to make strategic choices

So a board has done the hard work of getting the right trustees and then making sure that all the skills, wisdom and expertise of each of them is being used to the full. Both those steps are easier said than done and neither is an end in itself. The reason for having great trustees doing a great job is to get them to make great decisions. That is the end and the first two steps are just the means to that end.

My observation is that most trustees spend more time dealing with the small issues and the routine business of a charity than addressing the big strategic issues. This small stuff is an all important part of the fiduciary duties and 'bureaucracy' of a charity: approving accounts, signing minutes, having sub-committees report back, reviewing the reports from staff and all the other (necessary and unnecessary) paperwork that can fill a board's agenda.

Amongst all the routine business, two features of boards stand out for me. First, trustees can often spend little time talking about the big issues that face a charity. Second, when they do it's often in the context of a presentation or paper by the executive, in which the trustees are given the binary choice of approving or **not** approving (and they do the former much more often than the latter).

In other words, trustees approve the staff recommendation. Rubber-stamping may be too harsh a term, but often trustees will struggle to 'add value' to a staff decision without appearing to reject it. Trustees tell me of talking into 'thin air' or discussions taking place 'offline'. Basically, once a paper is written and presented to a board, it is highly likely it will be approved (which makes the multiples roles and work outside meetings set out in the next section even more important).

So how do trustees make sure they are in control of the big decisions for a charity?

Trustees need to define the big picture and the priorities

The first way that trustees can make the big decisions for a charity is to identify the big issues that affect it. What are its strengths and weaknesses? What are the opportunities and threats it faces? How does it want to be different in five years' time based on that

analysis? What is the road map to reaching that goal?

Identifying the big decisions & priorities and making sure they are on the board agenda

So if there are a bunch of issues facing a charity, the board should be discussing them at each trustee meeting. One way to do this is to set aside an hour at each one for a big issue. 'How are we increasing our level of voluntary income?' 'Do we have the right image?' 'Are our services adapting to the world in which we operate?' 'How are we developing our staff?' Whatever is seen to be a big priority needs discussing. Once a board agrees to discuss a big issue at every meeting, trustees can make sure it happens (and ideally make sure it is the first item on the agenda so it doesn't run out of time).

The other thing that a board can do is identify all the major decisions it wants to be involved with: the appointment of the CEO and senior staff, all new expenditure over £xx level, the opening or closing of a service, or whatever else it might be. By doing this, both the board and the staff team will know the areas that do and do not need discussing with trustees.

Managing or governing – the trustees decide

'We are here to govern, not manage' is the mantra of many trustee boards. The line between governing and managing is, in reality, far less clear than it appears at first sight. Each board needs to decide where it draws the line between what the trustees get involved in (the governing) and what is left to staff (the managing). The larger the organisation, the more that trustees will govern. The smaller the organisation, the more that trustees may also manage (because there aren't enough, or any, staff). Each board needs to decide where to draw that line.

No matter what, each board needs to be concerned about the quality of management by staff. Let's say that staff turnover seems high, or that trustees hear whispers about underperformance, or that costs are too high or income is too low. In my view, these are absolutely issues that a board should be addressing. So while a board may not do management, it should be red-hot in making sure that great management is done. That is not always an easy distinction to make.

Challenge 4: Making sure the board plays all its multiple roles

A board of trustees has many roles - not just tasks, but roles. By this I mean the different ways the members of the board need to behave, often simultaneously and sometimes in direct contradiction to one another. These are some of them:

Ambassador and champion

Trustees need to be the ambassadors for the charity. This involves talking to people both formally and informally about the charity and its work. This could also mean that trustees introduce their contacts to the charity and network on behalf of it.

Critical insider

Inside the privacy of trustee meetings or one-to-one meetings, trustees need to be the critical insider, challenging the assumptions that staff make and trying to make sure that plans and strategies are thought through and robust. This role is essentially to make sure that the charity is not left embarrassed when a weak idea hits the light of day.

External defender

Trustees need to stand and explain why their charities do what they do. Many chairs did this in relation to their CEO's salary, but they will often need to do the same role at a local level or personally with friends and family when they're asked "why does your charity do this?"

Mentor and wise counsel

Trustees can act as a mentor or a wise counsel on specific issues or over a sustained period of time. This is particularly useful when trustees are recruited for specific expertise or skills that individual staff do not have. Indeed, a trustee could even be used as a free consultant – and why not!

Legal eagle

Trustees need to have legal expertise to hand (let's not forget that about half of the Charity Commission board are lawyers). Sometimes one of the board will be a lawyer and sometimes the trustees will just need to think like lawyers.

Financial and fundraising wizard

The financial wizard is usually called the treasurer and is a specific role, but there's a broader role for trustees of overseeing the financial viability of the organisation. It's equally useful for trustees (or a trustee) to understand fundraising and what is and isn't possible and realistic.

Innovative thinkers

Trustees can have an important role in persuading staff to do things differently. Staff are immersed in an organisation all day, every day, while trustees may have experience of a much broader and diverse range of ways of doing things. They can be sources of innovation and ideas.

Sympathetic ear

Sometimes within charities, all is not right with the world. Staff can be unhappy, over-worked, mismanaged or in conflict. There is always a danger (in my view) if the only knowledge about how things are in a charity comes from the CEO or senior management. Trustees can provide a good (and confidential) way for staff to give insights into how things are. For the same reason, trustees can be perfect to do exit interviews.

Regulation complier

I once worked with a PTA treasurer who insisted on telling all new trustees that their houses were at risk by being a trustee. With a turnover of £10,000 a year, this struck me as over the top, but she was right that trustees need to make sure that the organisation is complying with its regulatory and legal obligations, and to make sure that all trustees understand their fiduciary and legal duties. That said, it's not the main purpose of being a trustee.

Trophy trustees

The main benefit of some trustees is to impress other people when they look at the biographies of the trustee board. Their CVs or status will significantly impress others and perhaps secure funding or partnerships. These trustees are a kind of trophy, having an important role even if they never even come to any meetings. Even better if they do.

Grammar pedant

Somebody suggested to me that every board needs a grammar pedant as well as a regulation person. Only if you want to lose the will to live before you have reached the end of matters arising would be my view!

Quorum fodder

The last possible role of trustees, and the least attractive, is what might be called 'quorum fodder' - the trustees who come to trustee meetings, say little and contribute little to the role of the board. Sadly, this type of trustee is all too common and in most cases they aren't really needed to make a meeting quorate anyway!

Five things any trustee can do to be more effective.

Get to know members of staff (and other trustees)

There is a danger for any trustee (and for any board) in having the CEO/senior management team and the papers sent in preparation for board meetings as their only sources of insight, knowledge and information. A useful trustee will be out there meeting staff, seeing projects, talking to volunteers and acting as the eyes and ears of the board. Over time, the best way to do this is to know some staff well enough to email, call or visit them and ask "how are things going?" In reality, the same is true for getting to know your fellow trustees – it can really help a board become more effective if trustees know each other and talk between meetings.

Get to know three specific areas of an organisation's work

Trustees are responsible for everything. However, it's all too easy for trustees to be responsible for everything and know about nothing in detail. I think it's always good for a trustee to have two or three areas of an organisation's work that they know about in a bit more detail. Sometimes these are called portfolios. In the world of school governors, these roles are called 'link governors' - knowing and understanding how a department is doing. Trustees should pick their areas and immerse themselves so they can add value inside or outside board meetings.

Ask for non-financial as well as financial performance indicators

How many boards measure the money in great detail (my favourite is always actual vs. budget for insurance costs), but do little regular monitoring of non-financial aspects? The irony is of course that charities don't exist to make money, they exist to make a difference, so at every board meeting there should be regular data on non-financial parameters. Let me put this another way. Imagine that a board could never use money as a proxy for success. How would you know that your charity is doing a great job? And in particular, a better job this year than last year?

Be the grit in the oyster in a particular aspect of the organisation's work

One of the ways that any trustee can do a better job is to be engaged in constructive discontent on an issue. How could we do this better? How are our peers and competitors doing? What is holding our performance back? What extra resources would help us do a better job? Any trustee can take on the role of being the grit in the oyster for better performance, officially or by just making it happen.

Make trustee meetings make the big decisions

One of the roles that an individual trustee can help with is making the board processes work so that the big challenges are tackled by the trustee board. "*Chair, I think that would be a really good issue for a board discussion*", or "*Can we discuss the issue of*

.....?’ The reason I say that a trustee can agitate to get items on the agenda is that it’s all too easy for boards to have such a routine of minute-approving, committee-reporting, matters-arising and item-noting that they don’t actually discuss the big issues (which may only get discussed in CEO/chair meetings or not at all).

Worse still, some CEOs and chairs prefer it if board discussions are controlled and mundane. After all, a compliant board is much easier to manage and much less time-consuming.

A final thought – focus on decisions made, rather than finishing on time

I sympathise when busy CEOs and chairs want board meetings to be run on a tight rein, but rarely is it good for governance, strategy, beneficiaries or innovation for boards to be unchallenging. Individual trustees can be the agents to provoke discussion of the big challenges that an organisation faces.

In this sense, there is no greater irony than when a chair celebrates finishing a meeting on time, or even early, if in doing so the chance for genuine, strategic debate has been stifled or side-stepped. That is not to say that board meetings overrunning are a good thing if time has been spent discussing minutiae or issues not even on the agenda. The question at the end of each board meeting should be “Did we make decisions today that will affect what we do a year or five years from now?”, rather than “Did we finish on time?”

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Any comments, complaints, observations, or insights would be very welcome. Email him on joe.saxton@nfpsynergy.net