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Winifred Tumim

Winifred Letitia Tumin, campaigner, born 6 June 1936: died 5 November 2009

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Sir Stuart Etherington

Winifred came to the charity sector – as many people do – through personal experience. Bringing up two deaf daughters led her to become involved in the National Deaf Children's Society. She later played a major role as Chair of the Royal National Institute for Deaf People (RNID). For most this personal experience and engagement with a charity are the beginning and end of the matter. But of course Winifred went much further, becoming interested in the nature of charity itself and involving herself in a wider range of charitable endeavour.

As Chair of RNID Winifred had done work for the National Council for Voluntary Organisations (NCVO) and the Charity Commission, producing the landmark report, On Trust, which in 1992 showed that lots of charity trustees did not even know that they were charity trustees.[1] Winifred made it her mission to improve the quality of charity governance, which she did both in her time at the RNID but more significantly in her role as chair of the NCVO.

At that time, in 1996, NCVO was being driven by an agenda set out in a report from Professor Nicholas Deakin which looked at the future of the voluntary sector in England and made proposals for action and change. Winifred was particularly interested in the report's proposals for the reform of charity law. She almost single-handedly reformed the law, working towards the achievement that the Charities Act 2006 represents. Winifred felt especially strong about the suggestion that charities should be driven by public benefit and indeed this simple concept now underpins charity law. That is her intellectual legacy. It is also testimony to her approach I think – she had enormous intellectual curiosity. She enjoyed nothing better than getting her teeth into a big intellectual issue; public benefit and the reform of charity law was certainly that.

There were other things that motivated Winifred. During the time in which she was actively involved there was a revolution in the professional management of charities. She, of course, was not a manager, she was a volunteer and she knew she was a volunteer. She could have led a backlash against this professionalisation; instead, working with others, she recognised the need to rebalance professional management and voluntary governance in ways that still dominate today. She understood that voluntary and amateur are not the same.

Apart from her intellectual curiosity however, I think Winifred also had abiding belief in the value of ordinary people and she was Whiggish in her approach, in that, she believed that progress was always possible. That belief underpinned her engagement in charities of all kinds; from deafness, to working with offenders, to the redemptive power of art, she was always reaching out for future, better possibilities.

She treated all kinds of people with equal respect. Senior civil servants in the Department of Health told me once how, when she was chairing Independent Advisory Group on Teenage Pregnancy, that everywhere she visited people wanted her to come back again. They wanted to tell her their views on how things could be improved, because they felt she really listened. These were ordinary people in ordinary places – she had a way of engaging with them which I had never observed before. In some ways Winifred was vulnerable and this gave her a way of identifying with those that were also vulnerable and she was a very emotional and warm person.

As all chairs should be, Winifred could be a demanding chair. I will always remember a phrase, which she did not say that often, but you knew you were in trouble when she did. She would say, 'I may not have understood this, but. ...?' After the 'but' she would hold up to the light some fundamental flaw in the logic of the strategy that you were outlining. Of course, you knew she had perfectly understood every word. She operated, however, in a way that was never threatening, in which she was teasing out an appropriate way forward. That was her style and what made her such an important leader in the charity sector.

But most of all Winifred was fun. She was fun to work with. She made every board meeting a little bit like a party. At the end of the meeting you knew you had arrived at the right place but you were not sure how you got there and everyone felt good about the way in which the decisions had been made.

It was that fun and that enduring optimism, that care and compassion for others and her abiding belief in the perfectibility of people that I will always remember. For Winifred Tumim the glass was always half full and I am very honoured to have shared 13 years of professional life with her, both as a colleague and as a friend.

Sir Stuart Etherington is the Chief Executive of NCVO, the Chancellor of Greenwich University and member of the Economic and Social Committee of the European Union.

[1] NCVO (1992) On Trust: Increasing the effectiveness of charity trustees and management committees (report of the NCVO working party on trustee training – chaired by Winifred Tumin). London NCVO

Tessé Akpeki

Introduction:
Winifred the
Thought Leader

Introduction: Winifred the Thought Leader

Tessé Akpeki

I met Winifred in 1993, shortly after NCVO published On Trust: trustee training and support needs. Winifred had been the Chair of the working party that produced the research report and alarmingly it revealed a lack of awareness amongst charity trustees as to their role and responsibilities. How times have changed! In the early nineties there was very little written about governance, good practice or benchmarks in trusteeship. Winifred however could see that the support needs of trustees were a priority for the sector given its size and importance. Trustees in her view were enlightened volunteers who must, at all costs, avoid being seen as amateurs. She brought clarity of thought and purpose to the task of positioning trusteeship at the core of improving the effectiveness of voluntary organisations.

As Head of NCVO's Trustee and Governance Team, I had the pleasure and privilege to work closely with Winifred when she was Chair of NCVO. Her sense of humour was something that I will always remember along with her optimism and determination to find a solution to any problem that arose. In Winifred, we had an ambassador for our Team's work and with Stuart Etherington's blessing she opened doors for us with a wide range of people and organisations. Her wisdom demonstrated that she understood the need for tact, to be sensitive and to be politically savvy. Her incisive questioning was gentle yet deep and thoughtful and brought a broader perspective to the notion of leadership.

Winifred was a clear thinker, a compassionate listener and a practical person with a heart of gold. She brought about the changes she believed in. She was not a person to see need and then ignore it. She did 'her bit', acknowledging that she did not have all the answers. I met Winifred a few weeks before her death. She was in good humour and talking passionately about some governance reviews and other assignments that she had taken on. I left laughing, inspired, and encouraged by her enthusiasm.

The consideration of what leadership should look like in the 21st Century would have been welcomed by Winifred. She would have approved of a dialogue about what the future should hold. Winifred was a thought leader, ever curious, ever thoughtful, and never complacent. Each author of these essays met Winfred and shared her interest in foresight, constructive challenge, and leadership. They are a tribute to a great woman, a great leader, a great thinker. Each author is celebrating Winifred's life and contribution to the discourse on leadership.

The essays

Winifred's essay 'Effective governance structures for voluntary bodies' explores issues of governance, democracy and representation in relation to the composition, size and recruitment of voluntary sector governing boards. She posits that very little attention in the 1970's and 1980's was paid to necessary skills and competencies. The term governance was seldom understood and champions of consumerism assumed that representative boards would guarantee a consumer perspective and improve quality of service delivery. Wisely she concludes, 'The representative governance model confuses governance and democratic representation thereby doing justice to neither. The competence governance model risks focussing too narrowly on competence losing the moral energy and commitment that are the hallmarks of voluntary action.'

'When leaders listen' is Linda Laurence's rich offering. In recent years the emphasis has shifted from leading from the front and a directive style to a more enabling style that permits people to be innovative and to develop as individuals. The focus is on influencing, stimulating, encouraging and empowering. There is a momentum that is fluid. The fluidity allows for flexibility in changing circumstances whether external or internal, beyond or within an organisation's control. Essential skills include the ability to listen and to have a curiosity about people and what makes them tick. The effective 21st century leader looks at the bigger picture and sets an example of good communication which others may copy.

Lindsay Driscoll puts the spotlight on 'Overcoming challenging behaviour'. Lindsay, a former Charity Commissioner acknowledges that the Charity Commission has long been aware that problems in charities often originates in the failure of boards to work together to provide effective oversight and leadership. Lindsay identifies some of the behaviours that hinders effective performance and concludes with the example of an international charity where she is a board member. The board members' job descriptions include the requirement for 'high potential to share camaraderie and coherence with other board members'. Challenging behaviour can be an opportunity. The board can come through the challenges and emerge on the other side bruised, but a stronger team.

Bringing a perspective from the States, Jerry Paul in his essay Leadership for the 21st Century questions whether key elements of leadership are constant or does each generation express leadership differently? Leadership he says emerges from the crucible of conflict, when situations are difficult and clarity is limited. The inability of an organisation or a society to agree upon a common direction, in addressing current or future needs, produces an environment that cries out for leadership. If fortune smiles, the leadership that emerges will be transformative and inspire the best within us. Jerry evokes the expression 'improvise, adapt and overcome', a military expression used in the United States when overcoming particularly challenging circumstances.

The essay by Stephen Lloyd focuses on Capitalism in Crisis: Lessons from Civil Society. Stephen explores how three key principles which underpin civil society could create a better capitalism. The three principles being selflessness, diversity and regulation.

And so conclude the essays which cover topics from representative and competence governance models to trading and capitalism, 'behavioural governance' to the leadership characteristics needed for the 21st century – just a snapshot of Winifred's interest.

Winifred Tumim was a social entrepreneur who was not afraid to tackle tackling things that need changing and challenging. Forever young, she had a heart of gold, compassion and warmth. Winifred is a jewel that will be deeply missed and her legacy of care, nurture, and practical leadership will remain and continue to shape leadership in the 21st Century.

Tesse Akpeki, a governance, leadership and relationship consultant runs Bates, Wells & Braithwaite's OnBoard programme

Effective governance structures for voluntary bodies

Winifred Tumim

Effective governance structures for voluntary bodies

Winifred Tumim

Over the past 20 years ways of thinking about governing boards in the voluntary sector have changed a great deal for several reasons, including:

- the growth in consumerism and the demands of beneficiaries
- the greater emphasis on equal opportunities
- the increasing professionalisation of charity management, and the consequent imbalance between the power of paid staff and board members.

These changes are reflected in the changing composition and size of boards and in how members are recruited. I am going to explore issues of governance, democracy and representation.

The composition of boards

In the 1970s and 1980s there was a growing sense that many voluntary bodies were unrepresentative. This feeling was especially strong among charities for disabled people: consumers and users increasingly resented the way services were provided 'for' them and without consultation. During this period what I shall term the 'representative model' became the hallmark of a 'good' constitution.

The recipe for a good board was X number of user representatives, plus X number of stakeholders, plus X number of people representing particular parts of the country, and so on. Very little attention was paid to assembling the skills and competencies that a board might require and the term governance was seldom used (or understood). The champions of consumerism assumed that representative boards would guarantee a consumer perspective and improve the quality of the charity's services. Better representation would also achieve objectives of ensuring equal opportunities.

During the late 1980s and 1990s among charities with staff there has been a shift in thinking in the UK spurred on first by a growing emphasis on corporate governance in the private sector as a result of a notorious scandal in which pensions of employees of media tycoon Robert Maxwell were misappropriated. This was addressed in the influential Cadbury Report.[1] In publicly accountable bodies, such as the NHS there was also increasing emphasis on corporate governance.

Concern also grew at the Charity Commission and at NCVO about the need to improve governance of voluntary organisations. Among the factors that prompted this concern one might highlight:

- the growth of charity contracting and concerns that charities might be losing their way ('mission drift'), plus the potential for inappropriate influence by local authority representatives on voluntary sector boards
- legislation, for example, the Charities Act 1991, which stipulated that no-one guilty of fraud could be a trustee
- scandals in which glaring gaps in the competence of charity's board had played a critical part.

There is now a growing awareness that the 'representativeness' of a board does not necessarily lead to better services for those whom the charity aims to benefit and that developing consumer-satisfaction techniques, focus groups, customer surveys and complaints procedures might be a better way of finding out what users' need and ensuring they get it.

These developments have led to a growing recognition by board members themselves of the need for competent boards. Senior staff, now increasingly professionalised, also recognise the need for trustees with matching skills whose judgement they can respect and to whom they can be properly accountable. There is a shift (conceptually if not always in practice) away from the 'representative' model to the 'competence' model. (These labels are my own terms: I use 'model' here to refer to structure rather than process.)

The right size board

The size of a board can have a huge impact on the effectiveness its decision-making. The representative model has led to some vast, unwieldy boards as more and more sub-groups press their claim to be represented. Some charities have as many as 90 trustees. This leads inevitably to a two-tier system – a trustee board and a smaller executive committee, usually meeting more frequently. Power is concentrated in the hands of the active few with the majority unable to exercise proper scrutiny or control. Not only is there duplication of effort – discussing things twice – there is also a potential for divide and rule and the difficulties of achieving proper teamwork. What's more it is expensive. A further consequence is to increase the power of the chief executive and make the work of the chair more problematic.

It is arguable that over-large boards and their two-tier structures mean higher costs and less effectiveness. Clement Atlee, Britain's post–Second World War Prime Minister, saw 16 as the optimum size for a cabinet.

In spite of these weaknesses, the need for some kind of consumer/user/member representation remains critically important, not only for reasons of organisational legitimacy but also as a way of empowering users and stakeholders and as a means of safeguarding the values and purpose of the organisation.

Boards of voluntary organisations are in this respect essentially different from the boards in the for-profit sector. Board membership is not only a means to an end – for certain groups it must be regarded as good in itself (whether or not their membership improves governance). This, of course is one reason why trustee training is so important.

Emerging principles

This analysis points to the need for organisations to choose a governance model that reflects the need for both competence and the representation of relevant interests, the precise mix depending on the nature of the charity.

The general principles might look something like this. A governance model should be based on:

- the need to reflect competencies and skills appropriate to the scale and complexity of the organisation
- the need for a user perspective
- the need for effective scrutiny and decision-making
- proper systems of accountability
- the importance of adding value
- the need to be cost effective.

Modes of selection

Whatever the model, board members have to be recruited. The various methods range from democratic election by the organisation's entire membership to self-perpetuating oligarchy – where members and the board are synonymous and simply recruit whom they fancy. Many organisations use a mixture of recruitment methods, but there appears to be little serious debate about the merits of different modes of selection in relation to the desired outcome, that is, finding the governance model best-suited to the needs of the particular organisation.

There are two principle ways of getting onto a board – election and appointment

Election can be by:

- direct election – by the full membership:
  advantages:
  it captures the representative element enhances the relationship between ownership and governance provides scope for challenging the status quo and injecting new blood is more open is more democratic.
  disadvantages:
  it can be a lottery and lead to selection of incompetent/unsuitable trustees can be costly where there is large membership and/or postal ballots low proportion of members voting may negate advantages of democratic process the electors may not know the candidates.
  Direct election is best suited to bodies such as small local charities where the electors know the reputation of candidates and understand requirements of board. It is seldom a good idea for all board members to be selected in this way as there will usually be skills gaps.
- Indirect election via electoral college:
  advantages:
  it captures the representative element less of a lottery as college members are more likely to know candidates higher turnout less costly.
  disadvantages:
  it begs the question as to who elects/appoints the electoral college(s).Indirect election via electoral college is most suitable where boards need to reflect constituent parts of the organisation; for federal organisations; for boards where there are many different stakeholder groups (for instance, umbrella or intermediary bodies); for bodies with existing consultative machinery that can double as an electoral college.

Appointment is the other method of putting together a board. Appointment can be:

- by an outside body:
  advantages:
  appointing body (generally a stakeholder) may know what is needed by the board
  disadvantages:
  conflict of interest between appointing body and board appointing body may hold board in low esteem and appoint weak/inefficient people in order to give them a job without relevant skills compromises independence of organisation in general undesirable because of conflict of interest.
- by board itself:
  advantages:
  board can co-opt tailor made candidates with relevant skills etc
  can fill representative gaps
  far less of a lottery.
  disadvantages:
  candidates not always seen as fully legitimate by stakeholders (what is he/she doing on board?) known as self-perpetuating oligarchy where it is used for recruitment of all or most board members (widely used by private educational institutions, etc) danger of creating a closed culture.

A slavish adherence to the representative model is likely to lead to over-large boards and to weaken governance. But if the representative elements are over-constrained many significant voices and views will remain unheard and the organisation will forego much energy and commitment. This is where consultative councils and assemblies become important democratic devices and give an organisation a genuine choice without compromising governance. Such bodies typically exist in membership organisations with a federal structure and often have the functions of:

- discussing shared issues and concerns
- formulating policy resolutions for consideration by the central governing body
- electing some or all of the national board members. The powers of such assemblies can vary from little more than a talking shop to a virtual legislature with power to instruct the national board of trustees on certain issues.

The consultative council/assembly mechanism is also now emerging in non-federal organisations as both a sounding board and an electoral college. Where smaller voluntary bodies are eligible to join such an assembly it may take on certain coordinating functions.

Such assemblies often serve as the main focus of democratic energy, leaving the board and staff to distil, refine and develop the ideas that are voiced there as well as dealing with routine administrative and financial matters. They work best where there is a genuine appetite for open debate.

Conclusion

The representative governance model assumes that democratic representation will give rise to good governance; this is an error that does justice to neither. The competence governance model risks focusing too narrowly on competence and losing the moral energy and commitment that are the hallmarks of voluntary action. The ideal board structure will support and hold staff to account and take account of stakeholders' views without allowing the organisation to get bogged down in consultative bureaucracy at the expense of doing the job.

December 1999

Winifred Tumin, NCVO Chair 1996-2001

[1] Cadbury Report (1992) Financial aspects of corporate governance London: Gee <www.ecgi.org> (accessed September 2010)

Linda Laurance

When leaders listen by Linda Laurance

Linda Laurance

The topic of leadership is surrounded by guidance and research, including university courses, self-help pamphlets, videos, and Wikipedia. This article is an exploration rather than a guide, a collection of observations about the essence of leadership and the ingredients for healthy relationships, with suggestions for good communication and ways to prevent conflict.

What's in a name?

There is a wide range of descriptive terms for leadership, including:

- authoritative
- communal
- servant
- democratic
- idealistic
- charismatic
- transformative.

What is expected?

The Nolan Principles provide a framework for good governance and can also be used to describe the characteristics of a good leader: honesty, integrity, selflessness, objectivity, accountability and openness.[1]

In recent years the concept of leadership has shifted, from an emphasis on a directive style to a more enabling style that permits people to be innovative and to develop as individuals. The focus is on influencing, stimulating, encouraging and empowering, so that there is a constant momentum. This allows for flexibility an organisation's circumstances change, regardless of whether the change is external or internal, directed or beyond control.

People have also begun to appreciate that leadership can be at many levels of an organisation and not just at the top and while that potential leaders need to be nurtured to help them develop they should not be pushed beyond their 'comfort zones' until they have gained sufficient self-confidence: this can be a fine judgement to make.

The leadership model

There is no single personality type that is the perfect model for leadership, but certain skills are essential. Near the top of the list is the ability to listen. Academic qualifications and a memory for details of strategy and structure are valuable in endorsing competence, but remembering what someone said about a personal concern when you last met them will achieve more to build up a mutually supportive working relationship.

We expect leaders to set an example. How they behave affects and infects those whom they are leading. Complying with the laws on equal opportunity, racism, sexism and disability discrimination is a responsibility that everyone should take on, but anyone who leads – whether a team or something larger – should be especially alert to the importance of compliance. With compliance goes respect for others' beliefs and cultures and the avoidance of offensive language. There is a fine balance between this and free speech, but having a conversation about what is acceptable to an individual will often identify what will be comfortable for all parties.

Ethical leadership respects the rights and dignity of others. Ethical leaders are aware of the impact of their behaviour on others. Their emotional intelligence has been sharpened by experience and by listening and learning.

'Good behaviour'

What counts is not only what is said but how it is said. A moment of irritation or the occasional raising of one's voice can be accepted at times of stress, but not on a regular basis. Statistics show a rise in bullying in the workplace. If it is not checked, bullying can become a normal part of an organisation's ethos, undermining collaboration, mutual support, and levels of performance, in complete contradiction to an organisation's stated values. In the extreme, it can result in individuals suffering mental health problems and in increasing absenteeism. The organisation's reputation will suffer. Implicit will be an effect on its funding potential.

When 'powerful' leadership was the vogue, an ethical and supportive leadership style would have been perceived as weakness. Experience has shown that enabling people to express their individuality, to challenge long-held beliefs, to contribute to debate, to complain when standards are not met, and to be treated with respect provides an environment in which ideas can flourish and people can reach their full potential. This reinforces rather than undermines the position of the leader as the person to whom people turn to for guidance, and as an example.

Being a team player
For a leader to maintain a position both as head of the team and as a team player can be difficult. Having a leader who knows when to take up the reins and when to leave them slack so that others can influence direction and decision-making can strengthen the team's commitment. On the other hand, if there is no clarity about where responsibilities lie – where the buck stops – there can be a vacuum which no one fills, or which may be filled by someone manipulative, who seeks personal advancement, or a need to be in control, or get revenge for an often unspoken perceived grievance.

Leaders have at their disposal a range of tools to ensure that the needs of the organisation override those of a troublemaker. First they can ensure that they treat everyone with respect and that all necessary policies and procedures are in place: all staff should have job descriptions, all board members should be provided with descriptions of their role, and volunteers should get written guidance on tasks and what is expected of them. Leaders should also clarify boundaries and line management.

The leader as communicator
Leaders at whatever level of an organisation, are communicating – sharing information, providing guidance or contributing to consultation. They need skill to tread the line between on the one hand openness and on the other hand identifying when confidentiality is required. Not everyone needs to be told everything.

A leader should identify who needs to know what, in order that they can fulfil their roles and provide access to additional information, within the bounds of confidentiality, to those who wish to have more detail.

Leaders should treat email with caution: repairing the damage caused by a hasty, unfortunately worded message can be time-consuming. Hit 'Reply all' sparingly and, when a message causes concern, pick up the phone rather than send a further email.

Sometimes a leader has to criticise
someone's performance. The ideal place for this is in a supervision session, or sooner if the matter is urgent. The criticism should be offered in private, not delivered in front of the person's peers at their desk or in a meeting. The person thus gets a chance to respond, explain, apologise where appropriate, and learn from the experience. A demoralised team member will lack motivation and may erode the enthusiasm and commitment of others.

If it is necessary to remove someone from their post consistency is essential if people are to regard the action as fair. Whether it is a chair encouraging a trustee to see that they are neither contributing to the work of the board nor meeting their duty of care, or a chief executive making a staff member redundant or dismissing them for unacceptable performance or behaviour, transparency and adherence to agreed procedures is vital.

Perceptions of unfairness divide teams and undermine relationships. The leader needs to look at the bigger picture and set an example of good communication that others can follow.

The leader as peacemaker
The leader creates an atmosphere in which relationships can either flourish or wither. Everyone has days when it is a struggle to maintain a calm and approachable demeanour and it may be inappropriate for the leader to share concerns and feelings with colleagues. It can be a great help for a leader to have a confidante or mentor with whom to talk things through.

Skills in managing conflict should be in every leader's toolbox. Disagreement in debate, opposing views on strategic direction and passionate conviction are all part of creative discussion, but if feelings boil over a lively discussion can turn into serious conflict. Simply walking away leaves everyone ill at ease and may result in factions forming. A dispute will often affect people other than those directly involved.

The origins of a disagreement can lie in:
- perceptions – misunderstanding what has been said, misreading body language
- expectations – that in a certain situation someone else will behave as you would
- assumptions – reaching the wrong conclusion because of limited information
- opposing goals – particularly if people's priorities differ
- uncertainty – for example, during organisational change.

If people are angry this must be dealt with first. Anger can intimidate other people and is a powerful obstacle to consensus. In a private environment the parties should be allowed to express their feelings and be encouraged to be as specific as possible about why they are angry. Then the underlying issues can be identified and steps taken to resolve the problem.

There are many ways to reduce conflict, the first of which is listening to people attentively and asking for more information when a situation is unclear. People's confidentiality should be respected. Leaders should review their communication systems and their priorities regularly and should respect and nourish differences of viewpoint.

In discussions involving opposing views it is important to be aware of personal prejudices, one's own and those of others, while looking for the common ground and specifying conflicts of interest that are personal. Participants should not be tempted to share details of a disagreement with people not directly involved.

Being clear about where responsibility lies is important, as is following grievance and disciplinary procedures and, wherever possible, separating the person from the problem.

Time and space
To achieve all this leaders need commitment, sensitivity, curiosity, patience, energy and ideally a sense of humour. They also requires time – time to learn, time to listen and time to think. A good leader makes space for themselves as well as for those who look to them to lead.

Linda Laurance is a governance consultant, mediator and mentor with extensive experience of the third sector in all its guises and the working relations within it.

[1] First Report of the Committee on Standards in Public Life (Chair: Lord Nolan) (1995) Standards in Public Life, Vol 1. London: HMSO <www.archive.official-documents.co.uk> (accessed September 2010)

Lindsay Driscoll

Overcoming challenging behaviour

Overcoming challenging behaviour

Lindsay Driscoll

Much has changed since 1992, when NCVO published the report On Trust, about charities' trustees and management committees.[1] The report was produced by a committee chaired by Winifred Tumin, and revealed an alarming lack of awareness amongst charity trustees as to their role and responsibilities. Many trustees were not even aware that they were trustees.

Since then there have been many initiatives involving better induction and trustee training to raise trustees' understanding of their legal duties or liabilities. There have been programmes to improve trustee recruitment, governance structures, and charities' policies and procedures. But good structures, policies and procedures, although necessary, are not sufficient for effective governance. There is now increased recognition of the importance of the 'people issues' if charity boards are to be truly effective.

The Charity Commission has long been aware that problems in charities originate in the failure of boards to work together to provide effective oversight and leadership in the charity. Several Charity Commission inquiries highlighting this have provided useful lessons for all charity boards. Several high-profile failures of governance in public companies have shown that this is not just an issue for charities and that there are lessons for everyone in such failures.

In 2009 the Institute of Chartered Secretaries and Administrators produced a report, Boardroom Behaviour, which is aimed primarily at corporate boards, but is also useful reading for charity boards. The report concluded that good behaviour in the boardroom is an essential component of the best corporate governance and that companies need guidance on the topic. It highlighted the need for, 'constructive, confident, principled and proportionate challenge', independent thinking and rigorous debate.[2]

It is an important principle of charity law that the board of trustees has collective responsibility: all charity trustees are responsible and potentially liable for all board decisions. Rigorous debate and constructive challenge among trustees as they make their decisions is only possible where everyone contributes fully to the discussions. There are several types of behaviour that can prevent this happening.

Behaviour that hinders

Problems arise first when one trustee – often the chair – is unduly domineering. The overbearing trustee seldom listens to others, may purport to have superior knowledge and expertise and is unwilling to accept criticism, even when it is constructive. A domineering trustee stifles the contribution of other board members who, frustrated, often vote with their feet leaving only weak trustees, unaware of their role, or unwilling to exercise it. A second type of problematic behaviour occurs when a lone trustee makes decisions and acts unilaterally without the agreement of policy by the full board or with the agreement of only a small clique.

Bullying trustees are another problem. Like bossy trustees they will not listen to the views of other trustees. They often patronise or put down other trustees and undermine their confidence. They may get personal in discussions and shout and display aggressive body language. Sometimes they threaten legal action or whistle-blowing in an effort to get their own way. Once again, other trustees resign, feeling that their contributions are a waste of time.

Disengaged, or sometimes absent, trustees present another type of difficulty in their failure to contribute effectively. They often fail to attend meetings at short notice; they arrive late or leave early, do not read the papers, make irrelevant contributions or say nothing. This may be because, although committed to the cause, they are not committed to the role and were not told about a trustee's duties and responsibilities when they were appointed. It can be a surprise to some trustees to learn that they can be held responsible for decisions made at a meeting they failed to attend.

Trustees elected by part of the membership or appointed by a funder or other outside body as 'representatives' may cause problems if they do not understand the trustee's role and responsibilities. Their legal duty is to act in the best interest of their charity, not to 'represent' the interest of those who elected or appointed them. Although legal duties can be explained in training, this may not be enough to change mindsets and the underlying potential conflict of loyalty can be difficult to manage. Sometimes another role, such as observer, may be more appropriate. Many charities have restructured so that representatives of regions, branches and different sections of membership are in an advisory council or assembly rather than on the board itself.

Much has been written about the role of founder trustees. Their initial role and contribution is essential but, in time, this can stand in the way of an effective board. A founder may believe, at some level that he or she 'owns' the vision, mission and values of the charity and may be unwilling to accept the charity's need to adapt to the changing needs of beneficiaries and of the external environment.

Founders must understand that a charity exists for the public benefit. Its best interests and those whom it aims to help must always be paramount and this may well require change. When this requires that founder trustees move on, the charity needs to plan its long-term strategic direction. It is important, however, for trustees to acknowledge founders' important contribution, perhaps through an honorary appointment, such as patron or vice-president.

The role of the chair

How can the challenging behaviour of individual trustees be addressed so that the board becomes more effective? The key lies in a strong chair, who recognises that it is an important part of their role to ensure that each member of the board makes a full and appropriate contribution and who builds an effective team. Regular review or appraisal meetings between the chair and individual trustees can be a good way of tackling situations where a particular trustee's behaviour is causing difficulties. Where a trustee is unengaged, for instance, a review meeting might conclude that another role, such as member of an advisory panel or committee, would be more appropriate. Alternatively the chair can encourage the trustee to contribute more fully. Dominant trustees may be persuaded to be more cooperative with others or realise the role is not for them.

If it is the chair who is too bossy the onus lies with the other trustees to address the issue. An informal meeting between the chair and a small group of trustees has been known to solve the problem. Mediation can sometimes be effective but ultimately resignation or the more drastic action of removal of the chair may be necessary. When the chair is domineering it shows that the other trustees are weak and they need to find the confidence to challenge the chair through mentoring or networking with trustees from other charities.

Prevention is always better than cure and a code of conduct for trustees should address most of the behavioural issues that may hamper the effectiveness of the board. Such a code will cover confidentiality, the need to attend and prepare adequately for meetings, to engage actively in meetings, to address conflicts of interest and work with consideration and respect. A letter of appointment will set out for a new trustee the expected time commitment and all this should avoid misunderstandings. Job descriptions for the honorary officers and trustees and training for all these roles will reinforce people's understanding of what is being asked of them.

To be truly effective the board needs to work as a team. A strong chair will foster good team working and ensure that there is a code of conduct, appropriate induction and board appraisals but there is another essential ingredient. The board needs to 'gel' and if this happens it can deal with problems as they arise, including unhelpful behaviour by anyone (including the chair). I sit on the board of an international charity where the board members' job description includes the requirement for 'high potential to share camaraderie and coherence with other board members'. This is also a very diverse board; diversity and coherence as a team need not be mutually exclusive.

Away-days and informal get-togethers can help to build the coherence of the board. The board of a dance charity I sit on starts the annual away-day with a dance class in the morning. This experience certainly enhances the strategic planning session in the afternoon.

Challenging behaviour by individual trustees has been the downfall of many charities but it can also be an opportunity and I have been a member of several boards where we have come through the challenges and emerged on the other side, bruised, but a stronger team.

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Jerry W. Paul

Leadership
Development for
the 21st Century

Leadership Development for the 21st Century

Jerry W. Paul

Few topics have stimulated more research, scholarly articles and speeches in recent generations than the subject of leadership. From universities to multinational corporations to small neighborhood charities, people have debated the source and content of leadership. Are leaders born or developed, we ask. What makes the difference between great leaders and leaders who merely aspire to be great? What is the difference between managers and leaders?

We might also ask, especially during periods of significant social or political upheaval, whether the key elements of leadership are historically constant, or does each new generation express leadership differently?

By definition, the key elements of leadership are constant and not subject to fundamental change. American leadership theorist and scholar, Warren Bennis, says, 'Leadership is the capacity to translate vision into reality'.[1] Harvard professor and author, John Kotter, says, 'Leaders establish the vision for the future and set the strategy for getting there; they cause change'. [2] Whatever the time or place, setting a vision and charting a course for its realisation are tasks that have always been identified with leadership.

And so has conflict. It may be the conflict of war, ideology or neighborhood attitudes about what is best for a community, but leadership always emerges from the crucible of conflict, when situations are difficult and unclear. The inability of an organisation or a society to agree how to address current or future needs produces an environment that cries out for leadership. And if we are fortunate, the leadership that emerges will be transformative and will inspire the best within us.

At the beginning of the 21st century, such leadership is sorely needed. Ours is a time of uncertainty and change that is creating conflict around the globe. Even though wars and rumours of war may seem to affect people only in far away places, social distress is apparent in our own communities. Budgets are shrinking, employment is precarious, and family aspirations are diminishing. For charities in both Britain and the United States the demand for service rises as the resources of government and the private sector decline. This leaves a tremendous gap that pushes more and more people to the edge of well-being, if not existence.

So, what is the leadership we seek? In short, we are looking for the capacity to create a vision of a new future and the ability to translate it into reality. For this emergent leadership to succeed it will need to rely upon some new expressions of leadership, which can address the needs of the coming generations.

In the United States military there is a expression for particularly challenging circumstances: 'improvise, adapt and overcome', Few expressions more aptly describe the nature of the leadership work facing all organisations, and certainly charities, in the early decades of the 21st century.

Improvise

Some might say improvisation has always been an essential tool employed by charities. In fact, if one looks at how most independent charities started, much of their assets consisted of the ability to improvise, figuring out how to deliver service with very little. And that is still true today. 'Making do' might well be the mantra of many charity chief executives.

Another way of talking about this is innovation, defined in The Oxford English Dictionary as 'the introduction of new methods'. Everywhere we turn, people and organisations are looking for new methods. We know that new methods must be found, because the old ones will not do.

For example, we know that in order to help children grow into healthy, productive adults we can no longer rely upon the fragmented system we have created. This is especially true for children who come from low-wealth communities. To focus only upon a child's school experience and ignore nutrition, health, safety, housing, transport and a host of other needs, will leave us unable to even remotely achieve the outcome we desire. Indeed, we must find ways to integrate children's services in a holistic manner. We need a new method.

Sometimes a new method will only involve factors unique to an individual department or organisation. This might include a process improvement strategy or the introduction of a new service. Increasingly, however, in order to get results we need to look beyond our own organisations and include people, programmes, policies and processes that lie outside our control, sometimes outside our national or cultural boundaries. And when that happens, we have to find ways to collaborate – improvise new forms and new alliances.

Collaboration will be one of the most difficult leadership challenges in the days ahead, because it will require the creation of entirely new structures. It will require improvisation and innovation at their best. It will require many leaders working together, to create a shared vision and shared strategies that enable all parties to 'win'. We don't have a lot of experience with such collaborations, but great leaders of tomorrow will be those who help us discover such new and promising arrangements.

Adapt

The concept of adaptation is often associated with evolution and the ability of a species to modify its existence to cope with new conditions in the environment. This process may seem random but inherent in it is learning. The learning can occur over a long period of time, such that there may be no conscious awareness of the learning experience; but if the species is to survive, learning must occur and changes must be made

Unfortunately, too often we act but do not reflect. We implement, but we do not evaluate. We do not take the time to examine carefully what works and what does not. We miss precious opportunities to learn from what has occurred and without learning we cannot adapt and without adapting we cannot succeed with the new conditions that arise.

In the years ahead, adaptability will not be an option if our goal is to survive, never mind thrive. That means that organisations must be able to monitor, assess and respond to internal and external changes quickly and effectively. And, of course, that means they will have to learn from each step in the process. What it also means is that for an organisation to learn, change and adapt, it must engage staff, board, clients and key constituents regularly as learning partners

Imagine your neighbourhood has increasing numbers of elderly residents who sit in idle loneliness at home all day. Your community centre decides to create an day-care programme for older people. At first it appears to be a great success – the programme is actually over-subscribed. But after two years attendance falls off. The staff makes a variety of assumptions about the seeming loss of interest, but no one knows for sure. The problem? You're not really sure, but you know something is no longer working. Worried that you are now wasting resources, you announce that you are closing the programme,

This scenario often happens when learning is not built into a programme at the outset. It's not enough to use one measure of success, such as attendance, for determining success or failure. Too many other factors may be at play. Yet, unless there is an established methodology for continual reflection and assessment, the full picture will not be made clear, and adaptation will not occur. The words of W. Edwards Deming, the father of 'continuous quality improvement', are instructive: 'It is not necessary to change. Survival is not mandatory'. Likewise, says Deming, 'learning is not essential, but neither is adapting to new realities'. [3]

Overcome

Like improvising, overcoming is something most charities understand. It is part and parcel of the daily drive – if no other path seems open, do whatever it takes to overcome! This might sound like a strategy of desperation, a last-ditch effort to keep things going, to deliver a needed services or just survive. And that may be true, but it is often a statement about the depth of commitment shared by so many faithful and courageous charity boards and staff.

It is easy for the rest of the world to opine about what is reasonable for a charity to accomplish in the ,real world of limited resources and impossible demands. But the rest of the world does not stand at the doors of need and look into the eyes of those who are seeking help or hope. At its best, leadership that has the special tool called 'overcome' has placed a higher value on the mission than the organisation, the outcome than the process, and the people than a 'recognition of reality.' Difficult and challenging circumstances are precisely where strong, lasting leadership will be found and in a dangerous world, leaders who can help us overcome will be counted as great.

Conclusion

Leadership is a precious human resource. We will continue to investigate what makes leaders great and what constitutes great leadership. The complex and conflicted world of the 21st century, however, will not wait long for a new season of leadership to bloom and bear the rich fruit of improvisation, adaptation and the tenacious determination to overcome. What a wonderful time to be alive!

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[1] Warren Bennis

[2] John Kotter

[3] Deming, W. Edwards

Stephen Lloyd

Lessons from civil society

In the last 15 years civil society has been urged to be more 'business-like'. The financial crash of the last two years should, however, make us more wary of the view that 'business knows best'. Denis Healey, Labour Chancellor of the Exchequer from 1974–1979, wrote in 1989 in The Life of My Choice with amazing foresight:

The financial revolution, and the computer revolution which has made it possible, have produced a world all too reminiscent of Britain two or three centuries ago when greed infected honest citizens with a speculative fever which produced strange collective madnesses like Tulipomania and the South Sea bubble. At that time the consequences of such financial insanity were limited largely to the speculators themselves. Today the consequences of a similar speculative fever have produced a global financial system so fragile and yet so inter-dependent that it is vulnerable to many sources of break down and its break down could plunge the western world into a recession quite as damaging as the Great Slump of the 30s, with political consequences even more dangerous. (Healey, D [1989])[1]

As we view the economic wreckage I believe we need to take a serious look at whether the boot should be on the other foot – can capitalism now learn from charities and the other entities of civil society?

My theme is to explore how three key principles that underpin civil society – selflessness, diversity and regulation – could help create a better capitalism. By 'civil society' I mean the huge range of organisations that are completely or essentially not for profit. The term also includes community interest companies, although these can of course be set up to allow profit distribution, within certain limits.

Selflessness

Selflessness is integral to civil society and key to it inspiring high levels of trust. One axiom of charity law is that trustees should not benefit from their trust and therefore should avoid conflicts of interest; basically, to do it for love. This principle stands in stark contrast to the vast incentive packages, bonuses, and so on, of many modern businesses.

That is not to say that civil society can afford to be complacent about selflessness. In my view the increasing incidence of paying trustees for services that they provide to their charity threatens to erode the 'volunteer principle'. It is crucial that we maintain the idea of charity trusteeship as a public service, untainted by commercial self-interest or self-dealing.

Back to the spotlight on business: there are serious inherent conflicts of interest in two areas, the credit rating agencies and the audit firms, both of which demonstrate the opposite of selflessness.

First let us look at the credit-rating agencies, which have been under fire in the wake of the enormous losses made on products to which they should read ratings. For example, losses on $340.7m worth of collateralised debt obligations issued by Credit Suisse Group added up to about $125m despite the fact that credit-rating agencies such as Standard & Poors, Moody's Investors Services and the Fitch Group had rated these products AAA – the highest possible endorsement. In 2008 Moody's had to downgrade more than 5,000 mortgage securities, an acknowledgement that it had been overly generous in its ratings.

The obvious conflict here is that the banks and other financial institutions pay the agencies to rate their products. This gives the agencies reasons to assign favourable ratings: to please the banks and help to keep their custom.

Credit-rating agencies must be fundamentally reorganised to become trusted, not-for-profit custodians of what is a vital market service. They need member organisations with a vested interest in true, fair and honest credit ratings. The obvious candidates in the UK therefore include government, The Association of British Insurers, The British Bankers Association, The Institute of Chartered Accountants, and big charitable foundations. The agencies' costs would be met by a levy charged to banks, insurance companies and all quoted public limited companies (plcs).

Lessons from civil society

A similar proposal was made to a US congressional committee by Jim Simms the billionaire chief executive of Renaissance Technologies LLC. He. Billionaire financier George Soros has also criticised the conflicts of interest embedded in the current structures of credit-rating agencies. In 2009 likewise, the House of Commons Treasury Committee expressed 'deep concern', but was not willing to embrace a radical solution.

This is no minor matter. Credit rating agencies also rate countries. If, for example, the UK's credit rating is downgraded, as has been threatened, all of us – as taxpayers – must pay higher interest charges on the UK debt. Greece's experience is a warning.

Secondly the audit firms: auditing is big business, but there is widespread suspicion that the big accountancy firms treat audit work as a loss leader, putting them in a favourable position from which to bid for lucrative contracts for a range of management and legal services. The argument is that the large fees that these contracts generate compromises the objectivity and integrity of the auditing. Enron provided an instructive example that brought down the auditing firm Arthur Anderson.

In 2002 a New Economics Foundation report about the big accountancy firms' consultancy services concluded that they had: '... become too big for their own good and seem incapable of acting genuinely in the public interest... Perhaps it is time to mutualise the profession, or for it to take on a new not-for-profit form'.[2]

To overcome the problem I support the creation of a not-for-profit organisation, a public companies audit office, funded by a levy on publicly quoted companies in the UK. The levy would be paid direct to the public companies audit office, not to the auditors.

As the House of Commons Treasury Committee commented in May 2009:

... Although independence is just one of several determinants of audit quality, we believe that, as economic agents, audit firms will face strong incentives to temper critical opinions of accounts prepared by executive boards, if there is a perceived risk that non-audit work could be jeopardised ... This problem is exacerbated by the concentration of audit work in so few major firms. We strongly believe that investor confidence, and trust in audit would be enhanced by a prohibition on audit firms conducting non-audit work for the same company, and recommend that the Financial Reporting Council consult on this proposal at the earliest opportunity. (House of Commons Treasury Committee, 2009, para. 237)[3]

The public companies audit office would license firms to carry out audit work only, and not the other associated services, and allocate these firms to audit particular companies. A company would have no say in this allocation. At reasonably regular intervals – say, every 10 years – the audit office would change the audit firm.

In this way audits would be undertaken by firms with no payment relationship with the audited company. I suggest this would engender a much tighter audit regime.

Stephen Lloyd

Diversity

The second principle underpinning civil society is diversity. In the private sector we have lived through an age of legal mono-culture – with the company limited by shares having dominated the last 50 years. By contrast civil society organisations include industrial and provident societies, trusts, bodies established by royal charter, community interest companies and companies limited by guarantee – a healthy antidote I think to the ubiquity of the company limited by shares.

The dominance of the company limited by shares has led to a remorseless concentration on shareholder value that has eclipsed all other considerations. Hence the difficulty in getting companies to align with 'triple bottom line' accounting (an addition of social and environmental values to the traditional economic measures of a corporation or organisation's success). Even Jack Welch, former chief executive of General Electric and apostle of the doctrine of the maximisation of shareholder value has now recanted. He now believes that 'shareholder value is the dumbest idea in the world'.

If we are to address the enormous problems of poverty, environmental degradation, climate change and social injustice, we must combine capitalism's innovation with civil society's commitment to social values. Greater use of legal structures, such as community interest companies and innovative partnerships, would help build a stronger 'blended value' economy of organisations focused on profits and social purpose. The need for such organisations is intense given the scale of the challenges.

I suggest we need to refocus on mutual organisations. Although for a long while mutuals were out of favour we still have large, successful examples, such as John Lewis, the Co-operative and the remaining building societies. With many people having lost confidence in banks, the recession may renew interest in mutuals, for example, as a means of encouraging saving. The once derided Co-operative Bank now has a much stronger balance sheet than its flashier, commercial rivals. It not only stuck to the traditional banking model (resisting fancy new financial products) but also linked its investment policies to socially and environmentally responsible investment.

Ultimately, we need a change to European company law, so that company directors are required to consider stakeholder as well as shareholder interests. The Royal Society of the Arts did a lot of work on this topic in the 1990s with its Tomorrow's Company inquiry; in opposition New Labour flirted with these ideas, but dropped them as soon as it got into government.

At the very least all quoted companies should be required to have one non-executive director with extensive experience of the social sector. It is deeply depressing to look at the directors of UKFI – the company owned by the Treasury to control our investments in the failed banks and building societies. They are all either bankers or civil servants. No-one represents an alternative view to the prevailing hope that we can soon get back to business as usual – big bonuses, big deals and without any consideration of the social or environmental impact of current banking practices. The single non-executive director with a social sector background might feel it was a lonely job, but the requirement might help companies recognise the importance of environmental and social issues. There might also be an increase in the numbers of women into Britain's company boardrooms.

At the London Business School there is such a pilot scheme focusing on broadening the perspectives of directors; Business in The Community could at least recommend this to its members.

Regulation

Although capitalism constantly fights against regulation it needs it, both to engender confidence and to save it from itself. In part the recession is the result of a failure in regulation. In 1933, in the wake of the Great Crash in the United States, legislation forced US banks to choose between being a retail bank – taking deposits from the public – or an investment bank that underwrote stocks or bonds and engaged in speculative activities. This aimed to ward off the possibility of systemic collapse.

New laws are not the only way to regulate; regulation can also spring up through concerned citizens exercising oversight. One of the huge deficits at the heart of the corporate system is that although shareholders can in theory elect and dismiss directors these powers are never used. (Of course, it is a somewhat distorted version of democracy where power is distributed according to how many shares are held, rather than on the basis of one person, one vote, but it is nonetheless still a mechanism for calling directors to account.) The big financial institutions, in particular the pension funds, have been appallingly negligent in exercising any sort of systemic control over the businesses in which they invest.

Charitable foundations control

Investments valued at roughly £40 billion. This makes them a significant group of investors. A simple, but potentially extraordinarily powerful step would be for each of them to pay a modest contribution to finance the establishment of a community interest company called, say, Share Watch. Share Watch would have expert staff who scrutinised the operations of different sectors of the economy – mining, pharmaceuticals and so on. The foundations would give Share Watch proxy votes. This would enable Share Watch – with a significant number of votes in its pocket – to attend and speak at the annual general meetings of the major UK companies.

I am sure that a programme of concerned investor involvement, led by the major foundations – through Share Watch – at the AGMs of major companies would begin to change the way such companies operate. Might it be too much to hope that some of the pension funds also join Share Watch? This would be a classic, grassroots, civil society solution, such as has been the source of its strength down the ages. It would be a significant form of constraint on the system without any further legislation.

Conclusion

Civil society has always seen money as a means to an end, not an end in itself. Money needs to be put back where it belongs as a means of achieving economic exchange and development, as society's servant and not its master. Civil society has always known that but wider society has forgotten it.

In 1933, in his Inaugural Address, President Franklin D Roosevelt said: 'The money changers have fled from their high seats in the temple of our civilisation. We may now restore that temple to the ancient truth. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profit'.[4]

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