

NATIONAL SERVICES --- TE PAERANGI

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Te Papa*

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**Governance
Guidelines**

For museums and galleries

He Rauemi Resource Guide 34

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Introduction

1 Good governance is essential

Museums and galleries play a vital role either directly or indirectly in collecting, preserving, and displaying the heritage of New Zealand, in providing research, and in educating New Zealanders and people from all over the world in that heritage.

The focus for many museums and galleries is the collecting and displaying of local artifacts, taonga, or artwork, and many hours of volunteer effort in particular are devoted to these tasks.

It is important for the quality of life and the preservation of our unique culture and heritage in this country that these organisations succeed.

The continuing role and significance of such organisations in our community depend as much on the governance and management of our museums and galleries as on the ‘hands-on’ side of things.

As the founding document of Aotearoa New Zealand, the Treaty of Waitangi is central to the way in which many public institutions, including museums, are governed and managed now and into the future.

New Zealanders working in the museum sector have an increasing awareness of the Treaty of Waitangi principles of partnership, protection and participation. The Treaty of Waitangi is not formally recognised as part of New Zealand’s constitutional system; however, there is a professional and moral responsibility for museums to ensure inclusivity and responsiveness to Māori throughout their museum’s management, operational and governance policies and practices.

Governance will be explained in more detail in Chapter 6 but a brief description is:

The governing Committee or Board is responsible for the long term health and prosperity of the organisation.

Larger museums and galleries may elect a governing board at their Annual General Meeting. The governing board focuses primarily on governance and there is usually a paid staff member who is responsible for management. Smaller heritage organisations may elect a committee who take responsibility for both governance and management. In Chapter 5 we explore the respective roles of the board and the committee.

The intention of this resource is to stimulate heritage committees or boards to discuss and review their own governance performance. It is also intended to challenge committees and their members to be more conscious and deliberate in the way they govern their organisations and, perhaps, to take further steps to enhance their effectiveness. The publication is not

meant to be self-contained, but to be a guide both to ways of thinking about the responsibility and work of the committee and to other resources.

The resource is structured so a reader can readily find a topic of interest and obtain a general comment on how such aspects of the committee’s role and responsibilities might be understood and applied.

Each chapter starts with a list of the matters covered in the chapter. At the end of each chapter there is a series of discussion topics provided to assist committee discussions about the matters covered. Boards/committees may well find it useful to include in their annual plan (refer Appendix 5) a selection of these discussion topics each month.

Warning!

The application of these concepts and the use of these tools, techniques, and other resources is no guarantee of success. Ultimately a governing committee must think and do for itself. Good governance is characterised by the quality of a committee’s relationships, the clarity of its communications, and the wisdom of its judgements, on behalf of those whom it serves.

2 The need for leadership and effective governance

Many museums and galleries are sited in ‘out-of-the-way’ locations and therefore compete for support from the public, patrons and sponsors.

Realistically, the location is often determined by the nature of the collection, and also by limited finance. Heritage organisations often seem to be locked in a never-ending struggle to survive, let alone be successful.

Every organisation created and maintained for the purpose of nurturing our heritage must be increasingly efficient and effective. Not only must collections be interesting, creatively displayed and attractive, but others who support the vision and purpose of the organisation, like the governing board or committee, need to be equally effective.

Governance excellence is not easily achieved in any organisation. In heritage organisations the challenges, in some respects, are even greater. Younger members of our society are preoccupied with careers and family and often not attracted to serve on heritage committees. Finding new members for the governing board or committee at times seems impossible and the few who have served so faithfully over many years battle on hoping for a fresh injection of enthusiasm and ideas. Often this results in a focus which is only on the collections – governance is overlooked. In some cases, *the focus may be on just keeping the doors open!*

It was apparent from the governance workshops delivered prior to the preparation of this publication that a number of heritage organisations in New Zealand were unaware of developments in governance and, as a result, readily embraced new and better ways of governing many of which are outlined in this resource.

3 Typical governance challenges

There are many factors contributing to a standard of governance which falls short of that which can really make a difference.

In most heritage organisations, governance is delivered by a committee which sees its prime responsibility as operational. That is, there are no paid employees, and the committee does those things which in other organisations a paid employee would do. In other organisations who can afford a management staff, there is a board whose role is primarily governance. For both types of organisation, the factors which prevail against successful governance are common and are illustrated below:

The committee that does it all

The monthly meeting is where all the day-to-day issues of the museum or gallery get dealt with – no time is available to think about the long term.

No training or preparation

Managers, staff, and volunteers are trained for their role but the board or committee is not.

The 'urgent' crowds out the 'important'

Today's issues take up all the meeting time so very little if any time is spent looking at the important issues.

Being reactive rather than proactive

The committee or board allows itself to be overly distracted by issues which have no governance importance.

Reviewing, re-hashing and re-doing.

Time is spent going back over work that has already been done – minutes, committee reports etc.

Unclear accountability

The lack of a 'job description' for the board or committee results in it overlooking its governance role as it undertakes management responsibilities.

Confusion between ends and means – governance vs management

Ends are the results the organisation wants to achieve; means are how to achieve them. Boards or committees get too involved in the means rather than concentrating on the ends.

Some people are not suitable for a committee or board

The committee or board is less effective because one or more of its members is not really suitable – well-meaning but unable to grasp the bigger picture or adhere to meeting protocol.

Low standards of performance

Just because the members of the board or committee are volunteers should not excuse a low or unacceptable standard of performance.

Inadequate/inappropriate skills and experience.

Committee members may be effective at the work of the organisation but not at the governance of the organisation.

Manager/committee strength imbalance

Where the organisation does employ a manager, the manager can dominate the board/committee, determining the agenda and the information the board receives.

A passive or ineffective approach to succession planning

The difficulty in attracting new members to the board/committee often leads to apathy and resignation to the status quo.

Inadequate ways to solve problems

Inexperience, frustration, and not seeking outside help (e.g. from NSTP) lead to poor problem solving by the board/committee.

Discussion topics

- Based on the experience of your board or committee, are there other challenges that could be added to this list?
- What are the challenges that are most relevant to your board or committee?
- Which of these require specific attention if your board or committee is to be more effective?

4 Terminology

For the sake of clarity and consistency throughout these guidelines, we use the following generic terms. All terms are used in a gender-neutral manner.

Board or governing committee

This guide concentrates on the role of the governing board – those elected/appointed to have the final responsibility for the performance of the organisation. In many organisations it is called ‘the committee’. Even a committee that does some or all of the work that paid staff might do still has a governance job to perform.

Chairperson

The chairperson is the person in the organisation who is the leader of the committee.

Committee member

This refers to a member of the board or committee.

Governance

More fully explained in Chapter 6, but briefly, governance is implementing policies and processes to ensure the long term health and prosperity of the organisation.

Manager

Where the gallery or museum has a principal paid employee, we use this term to refer to the person appointed by and directly accountable to the committee for the organisation’s performance. Different terms commonly used include chief executive, general manager, manager, executive director, and curator.

Stakeholders

More fully explained in Chapter 17, stakeholders are not just the “owners” (the members), but all those groups and individuals who benefit in some material way from the existence of the organisation, or whose lives are affected by it.

Strategic governance

Strategic governance is setting strategic direction.

Iwi rūnanga

This is a council of representatives appointed to administer the affairs of the tribe.

5 Committee or board

For many museums and galleries, sheer size dictates that the only form of governance appropriate is a committee of volunteers who have the responsibility for both operations and governance.

For other museums and galleries, size permits the employment of capable professional staff enabling the board to focus more on its governance responsibilities.

This resource is intended for both operational committees and governing boards, and in view of their significant numbers in the sector, is oriented more to committees where the committee does both the governance and the management of the organisation. The majority of these organisations will be unlikely to have senior paid staff.

Governance for a committee

Responsibility for governance of a heritage organisation lies as much with a committee as it does with a board. However, a committee usually has the additional responsibility of carrying out the operational side of the organisation as well.

The focus for many committees is the survival of the organisation and so the principles of governance outlined in this resource are ‘nice to have’ but do not feature in their meetings as much as they might. By applying the principles however, they may find that the threat to survival becomes a thing of the past.

The committee’s role is fundamentally about holding the organisation ‘in trust’ for its members and other stakeholders, being effective in meeting their expectations, and protecting the long term interests of the organisation. **Thus, a proactive approach to influencing the future must be taken by the committee.**

But this need to focus on the *sustainability* of the organisation does not mean the need for extra meetings. For a committee which consists of volunteers who meet once a month to consider all the aspects of maintaining the museum or gallery, the thought of extending the duration of the meeting, or calling another meeting each month (or second month) to discharge their strategic leadership responsibility is not attractive.

A suggested alternative to assist with good governance is for a committee to hold a meeting, once or twice a year, of say two hours duration where it only considers the long term future of its organisation. This would be a separate meeting from the normal monthly meeting. The principles outlined in Chapters 15-19 are intended to guide the committee when it conducts such meetings.

At these meetings, a brief action plan addressing the projects/actions for the future would be developed.

Subsequently, at each committee meeting, only a small portion of time needs to be allocated to reviewing progress on the future direction action plan.

To assist the process, the committee could establish a small sub-committee consisting of some committee members, and possibly non-committee members as well, to be the ‘future direction’ planning team. This group would do some of the initial thinking about the future direction of the organisation. Ultimately, however, taking responsibility for the future well-being of the organisation is not something a ‘committee’ can avoid any more than a ‘board’.



The Board of the Whanganui Regional Museum.

Governance Design

6 The role of the governing committee

Covered in this chapter:

- What is governance?
- How does governance differ from management?
- Who is the committee responsible to?
- How can the concept of ownership be applied?
- What are the components of effective governance?

What is governance?

There is no one universally agreed definition of governance. A simple and commonly used broad definition is:

Controlling and directing the organisation.

A broad definition can be open to interpretation. A more ‘descriptive’ definition is:

The process by which the board sets strategic direction, priorities, policies and management performance expectations; characterises and manages risk; and monitors and evaluates organisational achievements in order to exercise its accountability to the organisation and its owners.

This definition identifies the key elements of governance, reinforcing the concept that the committee’s job when it is governing is an active one. It also implies a separation of roles between the committee governing and the committee managing, and begins to identify aspects of the relationship between the two roles.

The committee is responsible to the organisation, not to individual interest groups (stakeholders)

The job of the committee when it is governing is to advance and protect the long-term interests of the organisation as a whole. The committee owes its first allegiance to the organisation rather than to any particular stakeholders. Committee members are required to act in the best interests of the organisation as a whole, notwithstanding any obligation they may feel to ‘represent’ particular interest groups. This means that a committee will be faced with the need to make decisions that could be against the wishes of some current stakeholders. This does not mean that the committee should not listen to, or even follow the

advice and direction, of the current stakeholders. It is simply that the committee should always be guided by its judgment about what is in the best long-term interests of the organisation and its mission.

Who are the ‘owners’?

The committee should consider two sets of owners, legal owners and ‘moral’ owners.

Legal owners

Legal owners have the power to vote at general meetings, change the membership of the committee or change the constitution, rules or trust deed of the organisation.

In heritage organisations, which are often constituted as incorporated societies, these owners are usually known as the ‘members’.

Moral owners

Where the organisation is a trust which has no shareholders or members, the moral owners are the ‘settlers’ (ones who establish a trust).

Other stakeholders

In addition to the owners, other stakeholders include visitors, the community, local iwi rūnanga, staff, funders and sponsors, NSTP, and suppliers of services. The committee will want to take these relationships into account in developing a stakeholder strategy (see Chapter 17) but it should never put these interests ahead of the owners’ interests, which, after all, are the reason why the organisation exists.

Components of effective governance

It is important to establish a clear distinction between the job of the committee to govern – to provide direction and control – and the job of the committee to manage (when no manager has been appointed) the operations of the organisation. Whereas the management provides leadership to the staff/ volunteers, the committee's governing role is to provide leadership to the organisation as a whole.

The following list is of the key components of effective governance on which a governing committee should concentrate:

- defining the organisation's purpose, direction, and priorities.
- taking account of what is going on in the community outside the organisation and any potential impact on the organisation.
- communicating with the organisation's 'owners' and other stakeholders to ensure that they have input into the determination of direction and goals, and that they are kept informed about organisational performance.
- developing a governance policy 'umbrella' which guides (or, as appropriate, constrains) all operational activities.
- where appropriate, appointing and supporting the manager, evaluating his or her performance and rewarding it appropriately; and replacing the manager, if necessary.
- specifying key outcomes or results, approving the resourcing to be available for the achievement of those results, and monitoring and evaluating the committee's achievement.
- establishing a framework for balancing risks and rewards and the management (control and mitigation) of risk.
- ensuring the committee complies with statutory and contractual requirements and with the committee's own policies.
- setting standards for, and evaluating, the committee's own governance performance.
- ensuring there is appropriate succession planning to ensure a balance between replenishment and continuity on the committee and revitalisation of the energy and commitment.
- sourcing funding/resources necessary to carry out the above, unless delegated

Discussion topics

- Is your committee performing the key functions of a governing committee?
- Does it have a clear understanding of the distinctions between its governance and management roles?

7 Governance structures and the legal and accountability framework

Covered in this chapter:

- Achieving clarity of accountability
- Committee member responsibilities
- Dealing with conflicts of interest
- Liabilities of the committee and its members

Introduction

The structures and processes of governance flow, in the first instance, from the organisation's constitutional framework.

In terms of their legal status, New Zealand heritage organisations have mostly been established as incorporated societies or charitable trusts.

Most heritage organisations are not-for-profit rather than strict commercial ventures, but they must exercise all the normal accountability and performance disciplines expected of any business if they are to survive and thrive.

There is no single right way to structure an organisation from a governance perspective, but the following important principles should be kept in mind.

Achieving clarity of accountability

Principle: The governance structure should distinguish the responsibilities of different roles in the organisation with clear lines of accountability between each role.

It is not uncommon, particularly in smaller heritage organisations, for committee members to wear different hats simultaneously, reflecting their different roles in the organisation. For example, committee members often contribute their special expertise or experience to assist the operations of the organisation. When this happens they become, in effect, a voluntary staff member. It is vitally important that everyone is clear when these different roles are being played because the accountabilities are fundamentally different.

Committee member responsibilities

Principle: Committee members have both collective and individual responsibilities

Committee members have a responsibility of trusteeship, i.e. to act in the best interest of others. This requires that:

- the committee members exercise the standard of care which 'an ordinary man' might expect to take on his own behalf
- a committee member is not required to exercise a greater skill than may reasonably be expected from a person with their knowledge and experience
- a committee member is not bound to give continuous attention to the affairs of an organisation – recognizing the intermittent nature of committee meetings and the member's duty to attend such meetings. At the same time it is commonly accepted that committee members must take all positive steps to ensure that they are properly informed about the business of the organisation and can satisfy themselves that it is being run properly
- in the absence of grounds for suspicion, a committee member is justified in trusting and expecting other committee members and officers to perform their duties diligently and honestly.

The broad concept of **trusteeship** requires a committee member to:

- exercise a 'duty of care'
- act honestly
- avoid using their positions for personal advantage
- comply with all relevant legislation and organisation constitutional requirements. As the governing body of the organisation, the committee must see to it that the organisation complies with a wide range of legislation covering such areas as employment, trading, occupational health and safety, etc. The committee should be aware of the scope and general content of such legislation and its relevance to the organisation.
- act in the best interests of the organisation as a whole.

Acknowledging and managing conflicts of interest

Principle: Conflicts of interest that have the potential to bring the committee or the organisation into disrepute should be disclosed and managed so as to protect the integrity of the governance process.

An issue that commonly confronts both committees and their members is the handling of members' conflicts of interest. Consistent with a member's duty of care and the duty of loyalty to the organisation they govern, is the requirement that they do not place their own interests ahead of the organisation's interest, or use their position as a committee member to directly benefit themselves, their families, or others with whom they are closely associated. The expectations and actions of the committee and its members set the moral tone for the organisation. A test of this for many committees is how they deal with conflicts of interest.

Every committee should have a Conflict of Interests policy that is understood and followed by all its members. An example of a simple Conflict of Interests policy is included in Appendix 2. Using the policy as a guide, determine how your committee would respond to different scenarios. An example of the type of complexity which might arise is as follows:

I am the chairperson of a museum which invites exhibitors to exhibit their own collections. I have a collection which I occasionally exhibit. I'm also a volunteer assisting at the museum two days a week. I find it very hard to decide which hat I am wearing....and sometimes I do wear the wrong one.

Liabilities

Principle: Each committee should seek direct legal advice to ensure that it has a clear understanding of its legal and constitutional responsibilities and liabilities.

As trustees exercising a stewardship responsibility on behalf of others (usually members of an incorporated society or beneficiaries of a charitable trust), the committee is responsible for:

- the achievement of appropriate outcomes
- the financial security of the organisation
- the expression of a moral and social responsibility.

Joint liability: All committee members are equally liable for actions and decisions taken by the committee. Non-attendance at a meeting at which a decision is made does not absolve a member from shared responsibility, accountability or liability.

Directors' indemnity: Under certain circumstances¹, directors can be deemed liable for the financial failure of the organisation or its failure to meet certain legal requirements. A Directors and Officers liability insurance policy provides protection for the personal liability of board members. However, such insurance is only valid where it is deemed that the director/s concerned acted with honest intent. This indemnity insurance is available to committee members where the committee acts like a board.

Discussion topics

- Does your present constitution or trust deed align with the achievement of the purpose of the organisation and its current and future aspirations?
- Does your governance structure ensure there is clarity of accountability?
- Do committee members understand and accept their 'duty of care' responsibilities?
- Does your committee have a current Conflict of Interests policy?



Kaaren Mitcalfe (left), Director Owaka Museum.

¹ Varying, for example, with the legal structure of the organisation

8 Committee composition

Covered in this chapter:

- Reviewing performance standards and expectations of voluntary committees
- Getting the right people on the committee – the importance of structures and deliberate succession planning
- Committee selection criteria – what are the characteristics of an effective committee member?
- Should the manager be a member of the committee?
- Committee tenure – for how long should committee members serve?
- Dealing with conflict

Standards and expectations applying to voluntary committees

Getting enough of the ‘right’ people on the committees of heritage organisations is a universal challenge. Many committee members put their hands up to be on the committee of their organisations because of a sense of ‘duty’ to the organisation. Whatever the source of their appointments, most committees in the heritage sector, essentially, are groups of individuals who volunteer their time and effort to assist their museum or gallery to succeed.

Volunteer (i.e. unpaid) committee members, while well-motivated and well-intentioned, inevitably have many other calls on their time and attention. Regardless of the part-time and voluntary nature of their engagement, the highest possible standards of governance effectiveness are being expected of committee members in heritage organisations. Increased demands for accountability and effective performance from funders, sponsors, and the community, as well as the general public, mean that ‘second best’ in governance effectiveness does not wash. As the general manager of one not-for-profit organisation put it very well, professionalism is an attitude, not a question of whether or not you are being paid.

Getting the right people on board

A growing number of committees in the sector explicitly acknowledge the greater expectations on them and are actively seeking to achieve higher standards of governance effectiveness. A key aspect of this is the search for people who understand and can contribute effectively to the governance role. They know that past success in other fields or in other roles in the organisation is no guarantee of governance effectiveness. Ideally, every organisation will have a process for ensuring that its committee has the skills and experience relevant to the challenges facing the organisation.

There are two elements essential in considering effective Māori representation in museum governance. The first requirement is that specific provision is made for Māori membership of the governance body, or at the very least, Māori membership on the body that determines the membership of the trust board. The second requirement is the inclusion of the institution of a set of principles in the legislation or constitution of the institution that provides guidance in relation to the role of Māori in the governance of the institution².

Because the challenges of governance are not always well understood in the wider community, most committees need to be proactive in communicating these challenges to those who will have an influence over committee selection. Otherwise, whether the committee is formed by an electoral or an appointment process, a position on the committee may owe more to personal popularity and profile than to an ability to contribute effectively to the work of the committee.

There are a variety of different issues to be considered, both structural and procedural. A common theme, however, is the need to take a deliberate and structured approach to ensure that a committee has the people it needs to provide effective governance and leadership, as well as fulfilling its management responsibilities.

² David Butts, “Māori Participation in Museum Governance”, Appendix 1.

Getting governance structures in good shape

Forming an effective committee starts with the organisation's constitution (its rules, trust deed, etc). That is what determines the size of the committee and how the committee is formed, and is likely to influence its composition. It is important to consider the nature of Māori representation within different governance models and the recognition of tangata whenua in the provisions that are included in organisation constitution.

No structure is perfect, but the critical issue is to ensure that accountabilities are clear and that each organisation gives itself the best possible chance of electing or appointing (and retaining) people who can contribute to a high performing committee.

Doing succession planning

A particular challenge is to get a balance on the committee between those members with experience (and credibility) in the 'nitty gritty' of the organisation's operations and those who have an ability to operate at a 'higher' conceptual level.

Each committee should, therefore, explicitly develop a succession plan for the selection and replacement of both elected and appointed members, and for office holders like the chairperson.

A potential source of candidates for the committee is the stakeholders – those groups, other than the members, who have an interest in the success of the organisation.

Relevant committee selection criteria

Forming a capable committee starts with clarity about what skills, experience, attributes, perspectives, etc. are needed.

In common with other not-for-profit organisations, committees in the heritage sector have traditionally sought to recruit onto their committees people with specialist skills (e.g. lawyers, accountants and marketing and business people, etc). While it is important for organisations to gain access to this type of expertise and advice, it should be recognised that these are functional rather than governance skills. Also important are personal attributes like independence, integrity, and emotional intelligence. A list of valuable governance competencies is contained in Appendix 2.

What is needed around the committee table is not a team of experts but an expert team.

Succession planning

Successfully filling vacant positions is by no means the end of the process. An effective committee maintains a continuous watch on its performance and its composition. You never know when a new appointment may become necessary or desirable. Two steps can be identified, therefore:

1 Review the committee's performance and composition

An organisation's circumstances and needs change over time. Changes at the committee level are often required in order to reflect and cope with such changes. The committee should have a process for consciously identifying and tracking the need for possible changes at the committee level. This should include a regular review of the committee's performance both collectively and at the individual member level.

Committee performance evaluation is described further in Chapter 14.

It is important for existing committee members to have shared views about both the challenges in front of the organisation and the skills, experience, attributes etc. they feel the committee *as a whole* requires. The committee can then maintain an up-to-date assessment of how well its present composition fulfils emerging requirements and what, if any, new skills or experience are required should a new member be sought.

2 Maintain a list of prospective committee members

With those needs in mind, the committee can be continuously on the alert for individuals who might be a good match with that target profile. In some types of organisation it is also worthwhile for members to be well acquainted with these needs and encouraged to be proactive in identifying suitable candidates for possible future election or appointment. A valuable source of committee members is stakeholders as described in Chapter 17.

Should the manager be on the board?

In some not-for-profit organisations, the manager is a member of the board or committee. This is not a practice that should be adopted without very careful thought. In commercial organisations, it is common practice for at least the chief executive and sometimes other senior managers to be full voting members of the board. In the world of not-for-profit and government-owned enterprises, however, it is generally rare, except possibly in the education sector.

The roles and responsibilities of governance and management are distinctly different. They both deserve to be done well by people who are concentrating wholly on their own role.

The manager should, however, be in attendance at committee meetings other than when the committee has 'committee-only' time.

Committee tenure – how long should members serve?

Many committees in the heritage sector experience persistently high turnover of members and chairpersons, creating the potential for instability. A regular turnover in committee members and committee leadership makes it very difficult for a committee to gel as a work group and to develop its thinking about important strategic issues. It also means that the mutual trust and confidence necessary for an effective relationship between committee and manager or staff are difficult to develop if the 'face' of the committee is continually changing.

This can be a consequence of constitutions which limit the tenure of both the chairperson (e.g. to one year) and committee members generally.

Some committees experience the opposite of that problem – the retention of long-serving members who have become 'deadwood'. Committee members who are unable to 'keep up with the play' can be a real problem. A committee that seems out of date and lacking the same level of professionalism expected in all other dimensions of the organisation has a credibility problem.

A balance is needed on a committee between those who have been around long enough to have some institutional memory and provide continuity, and those who bring fresh energy and new ideas. Committees should consider extending tenure or limiting it, as appropriate. An ideal basic term seems to be three years with, say, one or two further terms before a compulsory stand-down.

Wherever possible, the chairperson should be elected by the committee itself and retain that position for so long as he/she has the confidence of the committee and is entitled to be a committee member.

Committee conflict

The great majority of committee members sincerely desire to do a good job. However, from time to time, most committees find they have a member or two whose motives are truly questionable or who seem dedicated to making someone's life (often that of the manager) miserable.

In reality there are many reasons why some committees are beset by conflict.

1. Diverse membership - diversity can offer great benefits but also increases potential for conflict because of differences in:

- personal and communication styles
- viewpoints and levels of awareness or understanding
- expertise
- personal beliefs and values
- professional backgrounds, values, and language
- life experiences
- constituencies
- personal expectations
- commitment and loyalty to the organisation
- ego
- attitude to risk

2. Role confusion and tension –

- management versus governance. The full-time professional management is accountable to a part-time less accountable (and less professional?) committee.
- the governing committee versus sub-committees
- chairperson and/or committee versus manager

3. Different agendas – different visions/aspirations for the organisation. The challenge of establishing a unified vision.

4. Different expectations – e.g. about the amount of information; topics that should be on the agenda

Resolving conflict

The lead in resolving conflict must be taken by the committee chairperson who:

- sets the agenda
- manages committee meetings
- facilitates discussion and communication (including informal discussion)
- keeps protagonists focused on the issues not the personalities

Regardless of the type of conflict, the manager should not take a visible lead, unless he/she is directly involved, because:

- it may give the appearance of taking sides
- it may undermine the confidence individual committee members have in the manager's objectivity

- the manager can support the chairperson but not do that job.

Conflict between the manager and the committee

Conflict of this kind is usually preceded by small conflicts that are not handled well. Once these take root it can be very difficult to resolve them. Prevention is the best cure. Often this lies in areas such as clear role definitions and performance expectations; regular performance evaluations; and good policy – e.g. a disputes resolution policy.

While it may go against the nature of many involved in heritage organisations, committees should avoid a battle of wills (and wiles). Unbiased outside professional assistance is often the best hope.

Dealing with the troublesome committee member

When dealing with the troublesome committee member, distinguish between someone who is really dysfunctional and one who is merely ‘difficult’. Healthy dissent is something to be valued. Remember – creative tension is better than pathetic harmony! Dysfunctionality occurs when personal agendas, disruptive behaviour, or conflicts of interest prevent a committee member from being an effective contributor. It alienates or inhibits other members of the committee and prevents the committee from providing effective leadership.

Characteristics of troublesome committee members

Troublesome committee members can cause the committee to alter its behaviour to accommodate or counteract these members, often with a loss of focus and performance. They can also seriously affect the performance of the manager. Characteristics of troublesome committee members include:

- aggressive personal behaviour – at its extreme this is straight forward playground-style bullying
- misinformation – only tells the convenient part of the story, mixes up facts, distorts information or withholds information. May be intellectually dishonest.
- mixed messages – for example, committee and staff are confused, set at cross-purposes, split into opposing camps, played off against each other.

- obsessive discussion – the committee is distracted by the preoccupation this member has with a particular topic or issue.
- subterfuge – committee and/or staff alter their usual approach to accommodate or counteract this member.
- crisis du jour – the committee and staff are diverted by whatever problem the member brings with him or her, or causes on the day.
- ennui – the committee silently shrugs its shoulders and shuts down.

Possible prevention strategies

- Understand the cause of the problem
- Select committee members carefully
- Induct effectively
- Provide a trial period
- Set term limits
- Make performance expectations and criteria explicit
- Establish clear job descriptions
- Adopt a code of conduct/ethics
- Reach explicit agreement on governing style
- Ensure there is performance evaluation and feedback
- Promote active chairpersonship
- Establish a conflict resolution processes
- ‘Go with’ the resistance
- Call in an expert
- Get tough! Say good-bye.

Discussion topics

- Does the present composition of your committee provide the range of competencies and experience needed to provide the standard of governance your organisation requires?
- Does your museum have iwi representation on the board and if not, what are the benefits of this representation?
- Does your committee consider the issue of succession planning in a systematic manner?
- Have some of your committee members been there for too long?
- Is conflict tolerated or not well-handled?

9 Induction

In this chapter:

- The importance of effective induction
- Key elements in an effective induction process

The importance of effective induction

Whether committee members are elected or appointed, every effort should be made to ensure that they bring a level of understanding about the purpose of the organisation and appropriate governance skills (or are given the opportunity to acquire these). New committee members should receive a formal and thorough induction into the governance role of the committee and the work of the organisation as a whole.

All committees are different, and it is not enough simply to think of helping a new member to ‘fit in’ with the established pattern of things. A single new member can completely change the dynamic of the committee. It is necessary, therefore, to be conscious of the need for deliberate team-building. It is only after people are comfortable with one another and with their roles, and have shared expectations about the way the committee will go about its job, that they will finally function well as a team.

Key elements in an effective induction process

The committee manual

The induction process is greatly assisted by having a ‘manual’ or resource book containing appropriate documentation about the organisation, its work, and its policies and procedures, providing a ready reference for committee members throughout their term.

The contents of the manual should include but not be limited to the following:

- the constitution (e.g. rules, trust deed)
- an organisational chart, and contact details for fellow committee members and key staff/volunteers.
- current and recent meeting papers, including particularly the minutes and recent financial statements.
- policies – because policies capture all the committee’s decision-making in one central place, it is important that they are always accessible and up-to-date.

- a glossary of definitions of terms used and acronyms.
- the current year’s meeting schedule.
- Code of Ethics Museums Aotearoa

Meetings with the chairperson and manager

An important step is for the new committee member to meet with the chairperson for a governance familiarisation – to discuss committee protocols, to ask questions about committee processes and its history, and to discuss such crucial issues as potential conflicts of interest. Time should also be set aside for the new committee member to meet with the manager for an operational familiarisation, with the staff, and with key volunteers.

Discussion topics

- Does your committee have an explicit induction process?
- Is the committee actively involved in the induction of new members?
- Has the committee reviewed with new members the effectiveness of the induction process?

10 Policy leadership

In this chapter:

- The need for effective policy
- What are policies and how are they made?
- The importance of policy in enabling the committee to speak with one voice
- Types of governance policy
- Developing, adopting, and reviewing governance policies
- Making sure the policies are workable
- The manager's operational policies

The need for effective policy

Many heritage organisations in New Zealand rely on their constitutions almost exclusively for guidance on governance responsibilities and processes. This is an important starting point, but does not, however, constitute governance policy.

As a starting point it is recommended that every committee develop a coherent set of governance policies. This provides the framework a committee needs to guide its stewardship of the organisation. In a very basic sense a policy is an agreed basis for action made ahead of the action being taken.

The constitution is the best place to recognise the Treaty of Waitangi principles, and once articulated through policy it ensures there is a place for Māori involvement. The governance body must be conscious of the need to continue to enhance policy and practice at the governance level, and to ensure that the governance principles in the constitutional arrangements are translated into the organisational structure and wider museum policy³.

A policy framework establishes a basis for continuity as committee members change, and is of great assistance in the process of inducting new members and ensuring there is a productive relationship with the manager. It also allows for governing according to predetermined agreements rather than ad hoc decision making.

It is generally accepted that the role of any governing committee is to determine and monitor policy, while it is management's job to implement that policy.

If a board does not have a clear idea of its governance responsibilities and functions as documented in its policies, and of the nature of the relationship it needs to have with staff, the problem of performance expectations and management will inevitably compound throughout the rest of the organisation.

In the absence of even basic 'good housekeeping' policies, many committees are very exposed to a range of risks. One simple example of this is the absence of a conflict of interest policy to address those common situations where there is potential for the perception, if not the substance, of an abuse of position.

What are policies and how are they made?

Often the need for policy is not understood well by the heritage sector. What many organisations in the sector think of as policy is really protocol and procedure. It is useful to think of policies as a principles-based framework or set of guidelines within which action takes place. By comparison, protocols and procedures usually take the form of a prescription for how something should be done.

The policy-making process should be proactive – ahead of the need, not as a band-aid to fix a particular problem after it has occurred. For example, it is too late to adopt a conflict of interest policy once a conflict of interest has become apparent around the committee table. That almost always means that the policy is designed to meet (prevent) the specific instance, and the discussion of it inevitably becomes personal.

Speaking with one voice

Policy development reflects the sum of its members' values and perspectives. Recognising that it is not always possible in any group, however, to reach unanimity, it is the majority view that must prevail.

Types of governance policies

Around the world many boards⁴ have developed governance policy frameworks based on the concept of 'policy governance' developed by John Carver⁵. Carver's framework has four policy categories that, together, embrace the core elements of the board's job. Three of these categories are particularly appropriate for a governing committee. The fourth, CEO Limitations, is applicable where there is a chief executive or general manager employed

³ David Butts, "Māori Participation in Museum Governance", Appendix 1.

⁴ Including a number of not-for-profit organisations in New Zealand.
⁵ John Carver. *Boards That Lead*. San Francisco: Jossey-Bass, 1990.

1 Governance process policies

These define the scope of the board's own job, and design its operating processes and practices. The topics such a policy category might cover include:

- board terms of reference
- board code of conduct
- chairperson role description
- new member induction
- conflict of interests
- meeting protocols
- board committees
- compliance with legislation, e.g. Occupational Health and Safety, employment law, organisation law, Protected Objects Act etc
- treatment of staff and volunteers
- protection of intellectual property/ privacy
- Treaty of Waitangi
- Code of Ethics

2 Board- manager linkage policies

These define the nature of the board-manager interrelationship, specifying the details and extent of the board's delegation to the manager and the methods to be applied in determining manager effectiveness. The topics such a policy category might cover include:

- board delegation to the manager policy
- manager performance evaluation policy

3 Ends policies/results to be achieved

These policies address the organisation's fundamental reason for being – its purpose – and set the outcomes or strategic results to be achieved by the organisation. These policies cover:

- purpose
- vision
- values
- key result areas

Ends policies primarily address the external world in which the organisation exists, and the impact the organisation wishes to make on that world. The two other policy categories listed above, and the CEO Limitations policies listed below, deal in a sense with matters of good housekeeping, relating, for example, to the internal environment of the organisation. Careful distinction needs to be made between policies, which express the organisation's views, and procedures, which are how the organisation implements the policies.

4 CEO Limitations policies

The chief executive's job may be defined as running the organisation in accordance with board policy and commonly accepted business practice, and not doing anything illegal or immoral. These policies describe the limitations placed on the chief executive by the board:

- chief executive responsibilities
- budgeting, business and financial planning
- financial condition
- investments
- protection of assets
- remuneration and benefits
- public affairs
- treatment of clients
- treatment of staff

Developing, adopting and reviewing governance policies

A committee should never mindlessly draw sample policies from elsewhere. Governance policies, even those with universal application, should be tailored to the needs of each committee.

Once governance policies are adopted, all committee members are bound by them. Policies enable the committee to speak with one voice even though the policy may only have been agreed on the basis of a majority vote. Once a policy is made it is the committee's policy and carries the committee's full weight, regardless of the views of any individual member of the committee.

Provided it has a comprehensive and coherent policy framework as a starting point, the committee can add further policies as the need is identified to address other governance issues.

In any case, the committee should review all governance policies on a regular basis – preferably at least annually. Ideally, the committee should have a schedule of all its policies which indicates when (and by what method) these should be reviewed.

Make sure the policies are workable

Effective governance policies are:

- **explicit and literal**
Policies should be written so that everyone has a shared understanding of what the policy is.

- **brief**
‘Too long’ and ‘too many’ are the enemies of good leadership.
- **rigorously followed**
If a policy doesn’t work it must be either amended so that it does work, or deleted. Where there are staff, they must sincerely believe that the committee is holding them accountable for each and every policy.
- **developed with monitoring in mind**
The wording should be written in results/ outcome terminology so that both the committee and staff can clearly recognise if the policy is not being followed.

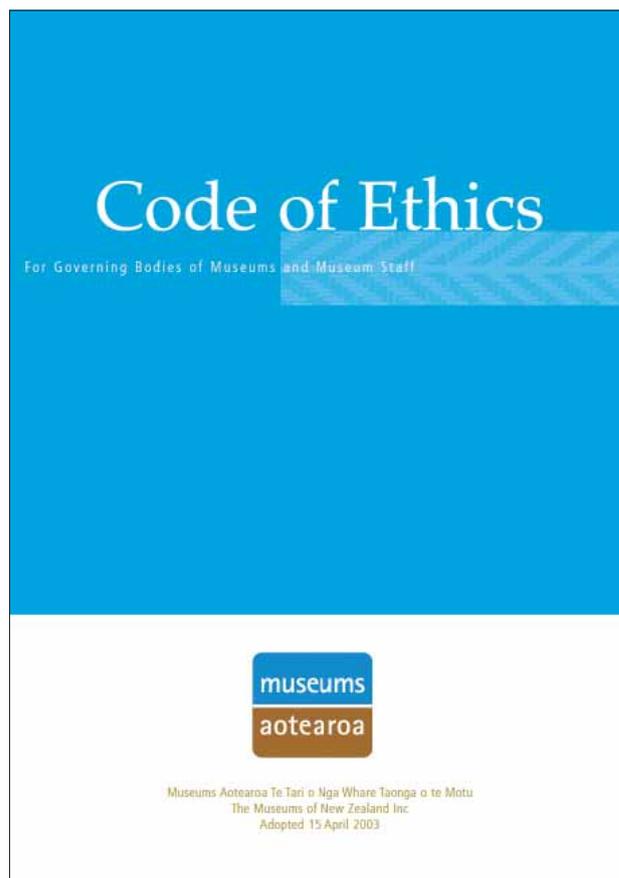
The manager’s own operational policies

Once the committee has established its governance policies, the manager should be expected to develop all further operational policies necessary to achieve the results and manage the risks addressed in the governance policies.

The committee should not adopt or approve operational policies. Doing so removes the manager’s ability to make necessary operational policy changes when needed without reference back to the committee. The manager should not be constrained by having to continually seek committee approval for matters that the committee should properly delegate, and the committee should not have to do the manager’s job as well as its own.

Discussion topics

- Has your committee developed its own governance policies and are these in good shape?
- Has your committee developed governance policies that articulate the museum’s recognition of the Treaty of Waitangi principles?
- Does your policy reflect Code of Ethics responsibilities? Download and read the Museums Aotearoa Code of Ethics here <http://www.museums-aotearoa.org.nz/Site/publications/default.aspx#ethics>
- Is there a clear distinction between governance and operational policy?
- Is there life in your governance policies? Are they understood by all committee members and used actively by the committee, and are they used to guide and direct organisational performance?



The MA Code of Ethics “describes the responsibilities of Museums, Governing Bodies, and staff to each other, to the collection which is the core element of every museum, and to the public who support, fund and visit the Museum.”

11 Committee meetings

In this chapter:

- How often should the committee meet and for how long?
- Giving focus and structure to committee meetings
- Enhancing participation and member satisfaction
- Avoiding common pitfalls in agenda design and meeting content
- Roles and responsibilities

Introduction

The committee meeting should provide a stimulating, challenging, and ultimately satisfying experience. Effective group decision-making demands a meeting culture that supports effective dialogue, and the offering and thorough consideration of different viewpoints. A committee meeting should be designed to support a primary focus on two core elements:

- the organisation's ability to achieve its goals
- the risk factors that could impede or disrupt the organisation's ability to achieve its goals

and, where the organisation does not employ a manager, to focus secondarily on the necessary administration responsibilities.

Meeting frequency and duration

There is no particular accepted best practice concerning the frequency and duration of committee meetings. The committee should meet as often – and for as long – as it needs to carry out its duties.

The less often a committee meets, the more difficult it is for it to develop and maintain a continuity of thought.

As far as meeting duration is concerned, recognition should be given to the ability of any given group to concentrate for any length of time on what are often complex and intellectually, even emotionally, demanding issues.

Typically, meetings will be held either monthly or about every six weeks, and last for no longer than two hours.

Committee meeting focus and structure

The time available for a committee when its members meet together is arguably its scarcest resource. Unless a committee deliberately prioritises the use of its time, it is almost inevitable that less pressing but nevertheless important matters get crowded out. An effective committee ensures that it does not get bogged down in shorter-term day-to-day operational and management matters, at the expense of paying adequate attention to governance-level policy and strategic issues with longer-term significance.

A particular issue is finding the right balance between reviewing past performance and dealing with the future through deliberations on policy and strategy. Many committees can easily spend the greater part of their meeting reviewing financial and operational reports. While it is important to observe trends and understand what lessons can be learned from past efforts, the committee has no ability to influence what has already happened, and it should not be attempting to steer the organisation by looking in the rear vision mirror.

It was suggested in Chapter 5 that, to meet its responsibility for the long-term health and prosperity of the organisation, the committee hold one or two 'future direction' sessions annually, and monitors progress against the outcomes of those sessions at each subsequent committee meeting. A suggested committee meeting agenda to achieve the right focus on the future direction is as follows:

- connect time – say 15 minutes for the committee to reconnect with one another and engage in general social conversation
- welcome – the time for the chairperson to welcome the participants and to set the tone for the meeting, highlighting the topics on which decisions are needed and which require specific discussion
- apologies – the normal courtesy
- future direction – approximately 30 minutes to discuss aspects identified in the future direction sessions and the progress against each of them. It is in this section of the agenda that progress against the organisation's business plan would be reviewed.

- minutes of last meeting – refer to the notes included under common pitfalls below
- matters arising
- reports – this topic covers those items of administrative responsibilities the committee may have
- topics for the next meeting – a chance for the committee to discuss what items need their attention next time they meet
- close – the time for the chairperson to summarise what has been decided during the meeting and what matters need attention next time.

This agenda helps the committee to apply its valuable time and energy appropriately in relation to its responsibilities. General business is specifically excluded from the agenda as it tends to result in uninformed discussion. If a member wishes to raise a topic not on the agenda, the appropriate place to do so is as a topic for the next meeting. If the committee feel it is worth them spending their valuable time on the topic, it can be included in the next agenda, along with information needed to allow an informed discussion to take place.

To help ensure that a committee pays attention to those matters that most require its attention, a particularly valuable tool is an annual agenda. An annual agenda defines well ahead of time the matters of strategic importance on which the committee's time and attention should be focused. The equivalent of an annual work programme, this protects the committee from meandering from one meeting to the next reacting to whatever has just come up.

Typical items in such an agenda might include:

- preparation for the AGM
- the manager's performance appraisal cycle and key dates
- financial reporting
- designated 'future direction' discussion sessions
- consultation with key stakeholders
- meeting with the external auditor
- committee reporting dates, e.g. the audit committee
- signing off the annual report
- a schedule for policy review.

An essential attribute for all meetings of the committee is that the papers be circulated to members at least three clear days prior to the meeting.

Committee meeting participation and satisfaction

Committee meetings should be managed so as to encourage a diversity of views and opinions and to ensure input from all members without prejudicing effective and efficient decision-making. The committee's culture should encourage openness and honesty of expression. Individuals should not be allowed to dominate committee discussion, and each person should be encouraged to develop active listening skills. Behaviour around the table should be respectful, and each person should be expected to disagree without being disagreeable.

Satisfaction with meetings is likely to be greatest where:

- meetings are well planned and support effective preparation
- meetings are well chaired, balancing effectiveness and efficiency
- committee members work well together, and meeting process allows everyone to participate fully
- committee members are disciplined (e.g. they stick to the issue, they do not dominate discussion, they listen actively to others, and they do not become parochial)
- respect is given to different points of view (and there is a diversity of viewpoints)
- the committee's deliberations are based on dialogue (collaborative discussion) rather than debate (competitive discussion)
- there is a sense of having dealt deliberately and satisfactorily with important issues.

Common pitfalls in agenda design and meeting content

A number of traditional practices cause many committees' meetings to be inefficient and unproductive. These include the following:

- confirmation of the minutes
This is often treated by those who were not present at the last meeting as an opportunity to have the meeting replayed for their benefit. Beware of this as an opportunity to relitigate. 'Matters arising' offers a similar opportunity. Keep these aspects of the meeting as brief and as formal as possible.
- 'For Information' material and other 'guff'
Do not allow material that will invite the group to delve into time-wasting, irrelevant subject matter.

Committee meeting roles and responsibilities

It is not acceptable for committee members to talk about just any issue that comes up. They must address the right issues, at the right time, and in the right form.

Committees must continually challenge themselves by asking the question ‘What will we allow ourselves to talk about?’ It is critical that this question be asked before the committee meeting to check that inappropriate issues have not sneaked onto the agenda.

The committee chairperson’s role at the meeting

The chairperson’s role is to ensure the integrity of committee meetings by testing all agenda items and all discussion in terms of their relevance⁶. The chairperson is responsible for monitoring and directing the meeting and pre-meeting processes so that committee discussion is timely, fair, orderly and thorough, efficient, limited on time, and kept to the point.

Part of the chairperson’s role is to exercise leadership by:

- keeping discussions on topic
- managing discussion time
- eliciting information
- watching for lost attention
- modeling supportive behavior
- managing conflict
- summarizing accomplishments.

The chairperson must try to maintain a balance between allowing the expression of diversity and facilitating consensus decision-making.

Consensus

To reach consensus, the committee must ensure that each member has had the opportunity to participate fully in the decision. It is important that when a decision is reached, everyone is satisfied that they have been heard on the matter. Consensus is achieved when a decision that everyone can live with is arrived at even though it may not represent everyone’s first choice.

Focus on the committee’s business, not on hidden agendas

All committee members must be prepared to be open and honest. Hidden agendas will undermine the partnership and ultimately impede the organisation from achieving its mission.

Clear and concise communication

Openness and honesty set the stage for clarity. Discussion about the variety of perspectives represented ensures that all parties understands one another.

Acceptance and support

Where the organisation employs a manager, the differences between the roles of the committee and the manager must be understood and valued.

The committee needs to understand that the manager is running a business and may address issues from a different perspective. The manager needs to understand that the committee wants what is best for the organisation’s membership at large. Just as these represent points of fundamental difference, the organisational purpose needs to be the basis for similarity and mutual goals.

Attendance and contribution

All decisions reached by the committee are binding on all members, whether or not they are present at the meeting. Just as staff members are required to attend their jobs in order to carry out their work, so too should there be an expectation that committee members will attend all meetings and other occasions when the committee is required to do its job. This is a basic requirement of committee membership and should be spelled out in the committee’s Code of Conduct. A sample code of conduct is included in Appendix 5.

Non-performing committee members

Many committees have among their number one or more members who, for a number of reasons, do not or cannot perform to the level required for effective governance. In the first instance it is the chairperson’s job to provide counsel and support for members having difficulty in making an appropriate contribution. If that effort fails, then the committee as a whole may have to agree that a non-performing member should be asked to resign, making way for a replacement who is able to perform to the required standard.

As tough as this may seem for volunteer committee members, volunteer status should not be allowed to stand in the way of setting and monitoring high standards of governance.

⁶The broader dimensions of the chairperson’s role are described in Chapter 13.

The manager's role at committee meetings

The committee meeting is the committee's forum, not the manager's. At the meeting there is no one for the manager to manage, and the discussion and debate is about governance issues, not management matters. The manager's role at the committee meeting is to present:

- financial information
- reports on progress towards or achievement of strategic goals
- information about changes in the operating environment, as these affect the results sought
- information about the impact of the committee's policies on the manager's ability to perform his or her work.

It is recommended that the committee should develop a policy that makes clear to its manager what should be reported, when, and how.

Discussion topics

- At the end of each committee meeting ask each member to answer this question, Did you make the best possible use of your time together today?

Use their answers to plan your next meeting and continuously improve your teamwork.

12 Sub-committees

Covered in this chapter:

- Is setting up that sub-committee really necessary?
- What should sub-committees do?

Issues to do with the use of sub-committees

It is quite common for governing committees to establish sub-committees to assist them to do their work.

Two examples of sub-committees that do help a committee do its work are: one that deals with audit and risk management, and one that has responsibility for preparing information for the 'future direction' sessions.

All sub-committees should have clear terms of reference defining their roles, expected outputs, boundaries of authority, reporting requirements, and membership particulars. They should also have a sunset clause, deliberately limiting their lifespan to force a regular review of the value of their achievements and the need for their continued existence.

Even better than the traditional standing (i.e. permanent) sub-committees, are specially created task forces or working parties that are set up to help the committee explore a particular issue. When their work is done they can be thanked for their efforts and wound up.

In summary, the committee should only establish sub-committees (or task forces) that are essential to doing its own work. Unless specifically authorised or requested, such sub-committees should not:

- speak or act for the committee
- be designed to oversee specific functions or operations
- provide advice or assistance to the manager
- exercise authority over staff.

Discussion topics

- Do your sub-committees have clear terms of reference? Are their responsibilities clear and up to date?
- Do you know how to judge whether the sub-committees are doing a good job?
- Are your sub-committees really helping the committee with its work or are they helping the manager?
- Are lines of accountability clear?
- Do you have more sub-committees than you really need at this time?



Bridget Wellwood, Chair Eketahuna and Districts Early Settlers Museum Committee

13 The role of the chairperson

Covered in this chapter:

- What a committee should expect from the chairperson
- What the key aspects of the chairperson's job are
- What the chairperson should know

The chairperson is not the boss

The chairperson is not the 'boss' of the committee. While filling a number of special responsibilities, the chairperson is primarily a first among equals.

The chairperson's primary role is to ensure effective management of governance processes.

The chairperson is bound by a range of formal authorities granted by the organisation's constitution, the committee's governance process policies and/or its charter, or informal authorities granted by fellow committee members. The chairperson has no authority to unilaterally alter, amend, or ignore the committee's policies.

Nor is the chairperson the boss of the manager or staff. It is the committee's collective responsibility to be the employer of the manager.

The chairperson should be neither over- nor under-assertive, but should help meld a group of individuals into an effective leadership group.

Different dimensions of the chairperson's role

In carrying out the duties of chairing committee meetings, the chairperson should:

- ensure that the behavior of the committee is consistent with its own rules and those legitimately imposed upon it from outside the organization
- chair meetings with all the commonly accepted power of the position
- ensure that meeting discussion content will only be related to those issues which, according to committee policy, clearly belong to the committee to decide, not the manager
- ensure that committee discussions are not only timely, fair, orderly, and thorough, but also efficient, limited to time, and kept to the point
- observe a recognized "rules of order" process for committee discussion

- ensure that the committee manual is maintained and updated.

In carrying out duties outside of committee meetings, the chairperson should:

- act consistently with agreed governance policies and processes
- not make independent operational decisions which are the prerogative of the manager
- not directly supervise or direct the manager other than to provide support or a sounding board within committee policy

Things the chairperson should know

To be the chairperson of a committee is a privilege and honour, but the role carries with it great responsibility, the extent of which is often not fully appreciated by other committee members. In one way or another, each of the following represents an element of leadership, or a competency, that any chairperson should demonstrate:

- **familiarity with the committee's policies and delegations**

The chairperson should be thoroughly familiar with the committee's policies or its charter, and with the committee's written delegations to the manager.

- **familiarity with the standard rules governing meeting management**

The chairperson should be familiar with the formal meeting rules so that whenever necessary, they can be applied appropriately and fairly.

- **ability to get the best out of the committee**

The chairperson is the equivalent of the captain of the governing team. He or she must lead by example, while at the same time knowing how to maximise the skills and contribution of all team members; and must know the strengths and weaknesses of all directors.

- **understanding of personal strengths and weaknesses**

Every chairperson should develop the ability to self-assess their performance and be able and willing to make changes in behaviours to capitalise on their strengths and overcome or compensate for weaknesses.

- **ability to explain where the organisation is, or should be, heading**

Every chairperson must be able to explain to anyone who asks (and on occasion those that don't) where the organisation is headed and why.

- **knowledge of what is on the agenda and what outcome is sought from each agenda item**

The chairperson should know exactly what issues are to be discussed at the meeting, in what order and what outcomes are sought from each item (see Chapter 11).

- **ability to deal with conflicting views and perspectives when these arise**

Many committee members are strong-willed individuals who bring passionately-held views to the meeting. A skilled chairperson will know how to manage any conflict to the advantage of the committee, avoiding detriment to individuals.

- **judgement on when to draw a discussion to closure**

This can be difficult to manage. On one hand, committee members expect an opportunity to air their views, but on the other hand, they expect the chairperson to manage the process to avoid the discussion becoming unnecessarily drawn out.

- **ability to handle a maverick committee member**

One of the great challenges of group management is knowing how to harness the creative potential of someone who is 'different' while, at the same time, managing potential damage to team cohesion⁷.

- **recognition of the manager's strengths and weaknesses, and the ability to provide mentoring should this be needed**

When a good relationship exists between the manager and the chairperson, the chairperson can provide considerable support to the manager at times when the support of other senior managers is inappropriate.

Committees and their members ask a lot of their chairperson. Quite reasonably they expect that the role will be carried out fairly and with integrity, even though at times the chairperson is required to overrule them. The role typically demands a much greater

commitment of time than is expected of other members. While the leadership role is sometimes uncomfortable, the reward of good chairmanship is an effective team enjoying one another's company and focused on the future of the organisation.

Discussion topics

- What leadership style is adopted by your chairperson?
- Does that get the best out of the committee and the manager?
- Have you explicitly set out the expectations your committee has of your chairperson?
- Do you get a regular opportunity to provide feedback to the chairperson on his/her effectiveness?
- What would you like to see more of from your chairperson?
- What do you wish the chairperson would do differently?
- What actions do you take that help or hinder the chairperson?



Wira Gardiner, Chair Museum of New Zealand Te Papa Tongarewa, Wellington

⁷ For further discussion of the management of rogue board members see "Dealing with 'Maverick' Board Members", Good Governance #16 (July-August 2000) www.boardworksinternational.com.

14 Monitoring and evaluation

Covered in this chapter:

- The importance of effective monitoring
- Distinguishing monitoring from evaluation
- Writing more effective expectations and performance measures
- Key elements in a successful committee/manager relationship
- Delegating to the manager
- Evaluating the manager's performance
- Committee performance evaluation

Staying on track

A key aspect of the committee's stewardship responsibilities is to ensure that the organisation's performance is kept under scrutiny and on track. The organisation's performance consists of its financial progress, its attendance achievements, its reputation, the performance of the manager/staff/volunteers, and the performance of the committee. Ensuring that performance is kept under scrutiny and on track is achieved by both monitoring and evaluating.

Monitoring is not the same as evaluation

It is important to make a clear distinction between the process of monitoring and the process of evaluation.

Monitoring

Monitoring is the process of observing, recording, and reporting information. Monitoring is retrospective. Monitoring occurs when the committee considers the monthly financial reports and other organisational performance reports.

Evaluation

Evaluation is making a judgement, primarily for the purpose of improving future performance. Evaluation consists of comparing actual results against planned results and determining if changes to the plans are required. Evaluation occurs when the committee considers the performance of the manager/staff/volunteers and its own performance.

For committees who employ a manager

For those committees that do need a manager, the manager is a vital ingredient in effective organisational governance. Where a manager is employed, few governing committees can succeed without the manager being effective. The reverse is also true. Few managers can be as effective as they might be without a good working relationship with an effective committee. The relationship between a committee and its manager should, therefore, be approached as a partnership in which each respects the other's roles and responsibilities.

Where an organisation does need a manager, the committee should pay particular attention to the committee/manager relationship. It is important that the committee and the manager clarify their mutual expectations, to communicate these more effectively, and to allow an effective partnership to develop.

For some organisations, growth means the appointment of a manager as the combination of governance and operational demands exceeds the committee's ability to meet both. However, the committee might find that the task of letting go the reins to an outsider is greater than they expected. Consequently, they continue to be involved in some respect in the operational aspects of the organisation, to the detriment of the relationship they need to establish. The risk is that the manager ends up running the office but not the organisation.

Whenever this risk arises, the committee must keep in mind that its role is to govern the organisation rather than manage it. To achieve this, it needs to ensure that its key employee has the skills, attributes, and experience necessary to act on the board's behalf by carrying out, or managing the carrying out, of all of the operational functions. If the manager does not have these skills and attributes, he/she should still be responsible for the operational functions of the organisation while steps are taken to upskill as quickly as possible.

Key elements in a successful relationship

These are some of the key elements in a successful committee/manager relationship.

1. The role of both the committee and the manager must be clear.

It is vital that the committee and the manager understand and respect each other's role and responsibilities, that they understand the difference between governing and managing, and support the other in the carrying out of the different elements of their role. Mutual trust comes from such clarity and respect for each other's role and responsibility. In turn this leads to a mutually supportive relationship.

2. Expectations each role has of the other must be explicit and realistic

A list of the committee's expectations of the manager would likely include:

- the achievement of desired results
- loyalty
- respect for the experience, independence, and wisdom of the committee
- honesty and openness
- assistance with strategic and other governance thinking
- being treated as a collective group, not singled out and one set against the other
- being told what a governing committee requires to know in order to meet its duty of care, together with all those other things that the committee asks to be informed about
- being kept abreast of critical strategic issues and events that will or could have an impact on the organisation's ability to achieve its desired results
- being given a feeling of pride in their association with the committee and the organisation.

A list of the manager's expectations of his or her committee would likely include:

- clearly-stated outcomes to be delivered
- clearly-defined boundaries of authority
- that the committee speaks with one voice
- consistency of messages (related to previous point)
- being allowed to manage free from interference by the committee or its individual members
- being given support for worthy effort

- recognition for achievement, and the occasional thanks
- honesty and openness
- the availability of the committees' wisdom and advice without its receipt becoming instruction, and a willingness to be a sounding board when requested
- a genuine commitment to the organisation and an honest effort to understand the business and its issues
- thorough pre-meeting preparation and attendance at meetings and workshops
- regular honest performance feedback
- teamwork, partnership, and a sense of common purpose.

3. Reporting and information requirements

For the most part the information flow is from the manager to the committee. The committee needs to make clear to the manager exactly what information it requires, in what form, about which issues, and when.

4. A fair and ethical process for manager performance management

Because every committee has a vested interest in its manager being successful, the manager has a right to expect that the committee will provide regular performance feedback against performance expectations agreed in advance.

5. The manager/chairperson relationship

Most committees and managers benefit from the opportunity for the manager to at least form a sound working relationship with the leader of the committee. When the chairperson and manager meet outside the boardroom, a common reason is the desirability to keep the former up-to-date with events occurring in and around the organisation.

It is also common practice for the chairperson and the manager to meet prior to the committee meeting to co-ordinate and discuss the agenda. This might be an ideal time for the two leaders to share perspectives, discuss issues of relevance to the committee, and for the manager to sound out any issues for which the manager might benefit from an independent, non-executive standpoint.

6. The manager's role at committee meetings

Managers must be clear that committee meetings are for governance business, and are not a forum to transact management business.

The manager has two dominant roles at committee meetings:

- helping the committee to understand and address the future – providing advice and support to the committee’s discussion and decision-making
- helping the committee to analyse and understand the past, and providing evidence that the organisation is doing what it should and avoiding what should be avoided.

Both of these roles provide opportunities for a committee to be dominated by their manager, even if all the committee does is provide an audience. It is important to keep a balance.

7. Helping the committee understand the risks faced by the organisation

The committee needs to be regularly appraised about the nature of organisational risks and of the organisation’s response to these. A manager can assist the committee to fulfill elements of its duty of care by providing assurance of risk mitigation strategies and by prompt reporting of key risk issues and management’s response to these.

Delegating to the manager

A cover-all statement of delegation might read as follows:

The manager has responsibility for the operational performance of the organisation, and in so doing must not violate any committee policy nor any commonly-accepted business practice and not do anything which is illegal or immoral.

More detailed content in the delegation might include statements covering five areas.

1 Statements covering the managers’ financial delegation. These might include:

- expenditure/cheque signing authority limits placed on the manager
- authority to enter into contracts on behalf of the committee or the organisation
- expectations regarding payments to creditors and collection of debts owed
- compliance with national accounting standards
- financial reporting to the committee, content, presentation, frequency, standards
- relationship with the audit committee and the external auditor
- use of funds for purposes other than for the benefit of the organisation
- budgeting processes and principles
- maintenance of financial ratios and performance benchmarks

- permission to buy, sell, or encumber land and buildings
- handling of cash.

2 Statements covering the manager’s personnel management delegation. These might include:

- compliance with workplace legislation
- providing a safe and respectful workplace
- expectations re performance management processes, professional development etc
- grievance processes, including whether or not, and under what circumstances the staff might have recourse to the committee
- remuneration and benefits principles, salary caps, employment contract principles
- the manager’s acceptance of secondary employment.

3 Statements addressing the committee’s expectations of the manager in regard to the management of the organisation’s assets, both physical and intellectual. These might include:

- risk assessment and response, e.g. insurance coverage
- office/building/other asset (e.g. plant and equipment) security
- protection of intellectual property
- vehicle usage and management.

4 Statements about the committee’s expectations regarding support for the committee and its processes and requirements. These might include:

- reporting frequency, content, and quality
- alerting the committee to certain incidents or circumstances that, in the committee’s opinion, it should kept appraised of
- support for the committee’s strategic thinking and direction-setting tasks
- support for the committee’s governance performance and integrity.

5 Statements about the committee’s expectations in regard to the organisation’s public affairs and public relations. These might include:

- protocols regarding interaction with the media
- protocols when interacting with politicians at all levels
- expectations when representing the enterprise in public settings.

Evaluating the manager's performance

It is important to ensure effective performance management of the manager by the committee. A manager should be evaluated only against objective and previously agreed-to performance criteria. The manager should also be evaluated only in respect of those matters for which he/she has been delegated full operational authority.

As much as anything else, the performance review process should provide an opportunity for the committee and manager to identify and agree on future initiatives that will assist the manager to succeed.

The following checklist may help when considering the manager's performance evaluation.

1 Planning

There is no substitute in relation to any of the committee's responsibilities for effective advance planning. The following principles and questions should assist:

- keep it simple
- be clear about what is to be achieved
- use a base document eg: an annual statement of performance management

2 Performance monitoring

The committee should avoid rushed, and often late, once-per-year reviews. These are heavily influenced by recent events. Continuous informal feedback is best. It should be affirmative as well as identifying any concerns. The committee should understand that the manager's regular reporting to the committee is also part of the performance review process. Additionally, there should be a more formal stock-take every three to four months.

There should also be a final, formal, end of year wrap-up review.

3 Who should do it?

The committee should not leave the manager performance review solely to the chairperson, because the manager is accountable to the committee as a whole.

4 Reset expectations

Performance expectations should remain as current as possible. Formal statements of performance expectations should be changed as and when necessary.

5 Review remuneration

There may be two key elements in a remuneration review: market relativity (remuneration relative to comparable positions); and recognition of performance (subject to objective, measurable criteria).

In relation to the review of remuneration, the focus should first be on ensuring that the committee has relevant information available to it, analysed correctly, to allow it to make sound and consistent judgements about both the market rate and its own position relative to that rate. There are various proprietary salary surveys that are available.

Committee performance evaluation

To reinforce its commitment to governance excellence, and to provide a vehicle for continuous improvement, every committee should conduct a regular self-assessment against standards of performance it has set for itself. In particular, committees should undertake this essential developmental process:

- to identify committee performance improvements
- as an aid to succession planning
- to help individual committee members to identify areas where their personal contribution could be enhanced
- as an expression of accountability to stakeholders.

There are many good reasons why the committee should wish to improve its effectiveness, and it should not be deterred by the concerns that are commonly raised.

In fact, committees in all sectors are increasingly recognising the need to review their own effectiveness. After all, they evaluate their manager's performance (or should) and will almost certainly expect the manager to evaluate the performance of all other staff. So why shouldn't they reflect periodically on their own effectiveness? The answer is, of course, that they should.

Self review

Most current board evaluation processes are based on a process of self-assessment. A common approach is for all members to complete a board review questionnaire. The results of this are collated, analysed, compiled, and used as the basis for a collective discussion.

An evaluation process should ideally be based on the committee's own prior agreements about its operating practices and values. This is exactly the same principle that the committee applies to its evaluation of the manager. The desired standard of performance should be agreed before assessing performance.

The sample self-review tool contained in Appendix 4 is based on the principles and policy areas advocated in this resource book.

Ultimately, every committee should have a clear job description of its own, and a shared concept of what standards it should set for its own performance. It is then in a position to review its achievement of these expectations regularly – at least annually – and identify further opportunities for the committee and individual members to improve their governance performance.

Discussion topics

- Does the committee want a manager or will an office administrator do?
- Does the committee have a clear sense of the type of relationship it wants with our manager?
- Has it discussed that with the manager?
- Does the committee have its finger on the pulse – is it satisfied that it is monitoring organisational and manager performance effectively?
- Are performance expectations and performance measures well expressed?
- Is it tracking activity or results?
- Does the committee have a clear set of delegations?
- Do committee decisions and behaviour reinforce the principle that the manager is accountable to the committee as a whole?
- Does the committee set standards for its own performance?
- Does it assess itself against these expectations at least annually?

Strategic Leadership

15 Determining the organisation's strategic direction

In this chapter:

- Strategic governance
- What is meant by 'strategic' governance
- The need for the committee to be effective in giving direction
- Important direction-setting questions
- How to define desired outcomes
- The extent to which the committee should be involved in strategic direction setting
- Expressing the committee's strategic intent

Because the committee's role is fundamentally about holding the organisation in trust for its members and other stakeholders, the committee must be effective in meeting its expectations, and protecting the long-term interests, of the organisation. In part, this concerns the committee's role in:

- ensuring compliance with the law, and relevant contractual obligations
- expectations of organisational and management performance set by the committee itself.

More importantly, it implies a proactive approach to influencing the future.

Strategic governance, that is, setting strategic direction, helps to plot the organisation's path through an uncertain future, and endeavours to ensure the organisation achieves what it should.



Stephanie Cottrill, Director Expressions Arts and Entertainment Trust, Upper Hutt

Reasons for committee ineffectiveness in strategic governance

Typically, the committee

- does not appreciate the importance of its leadership role, in particular its ultimate accountability for organisational performance
- reacts in an ad hoc way to issues, and is easily diverted from important long term challenges
- is incapable of setting clear future directions
- resists looking forward
- doesn't know how to start being strategic
- is only interested in the how (means) rather than the what and why (ends)
- doesn't always manage to maintain focus even when it has the ability to move forward
- has failed in past efforts at strategic planning
- has members who just want to get on with the tasks
- is held back because the manager and staff lack experience or are concerned that the committee will become involved in their operations.

Benefits when the committee gives effective direction are likely to mean that there is:

- a purpose, and that strategic outcomes and values are maintained and relevant
- a positive vision of the future which channels energy and resources, and motivates both the committee and staff/volunteers
- a process which can engage all the committee, regardless of their level of experience or expertise
- an orientation towards the future
- the commitment and confidence of the key stakeholders, such as members, donors, funders, and volunteers
- a basis for effective governance by keeping both the committee and staff/volunteers alike focused on those matters which are of greatest importance
- a process for dealing with conflicting expectations

- a framework for monitoring performance accountability.

What is meant by 'strategic'?

A committee is likely to consider a matter 'strategic' if it:

- goes to the heart of why the organisation exists
- concerns major barriers standing in the way of the organisation achieving its aims
- involves a significant commitment of resources
- might move the organisation into a whole new realm of activity
- could produce a significant change in relationships with a key stakeholder
- is likely to have a lasting impact on the organisation
- will be a long time before the outcome of an important decision is likely to be known
- cannot easily be dealt with within the normal business and operational planning and budgeting processes.

The need for the committee to give direction

Organisational performance is defined by the committee specifying what must be achieved.

This task begins with ensuring there is a clearly stated purpose for the organisation's existence, which gives real meaning to the work of the organisation and assists with day-to-day decision-making. The following questions should regularly be addressed.

- What is our purpose, our reason for being?
- If this organisation did not already exist, why would we create it?
- What is our vision?
- Is it still relevant?
- Who are we doing this for? Who should benefit?
- What is the essence, ethos, or spirit of this organisation?
- What is important to us?
- What do we stand for?
- Where is the organisation at present?
- Where do we want to get to?
- What do we want to become?
- How do we want to interact with each other and the outside world?
- Have we fulfilled our purpose – is it time for us to close the doors and move on?

It is important, as a next step, to translate these into more specific outcomes or key results to be achieved. For example, is the purpose of the organisation to be a cultural focal point for the community, or to be a centre of heritage research? The answers to these questions are essential in the development of the outcomes that the organisation must achieve to consider itself successful.

Often a committee considers the organisation to be effective if it is busy – i.e. how much activity is occurring? – whereas being effective is achieving the desired results.

Who does what?

Who should be involved? A committee's leadership role and its ultimate accountability demand that it take full responsibility for determining organisational direction, but it should not do so in a vacuum. The committee should involve not only its manager and senior staff, but also key stakeholders in the discussion as appropriate. The expected results have to be achievable and also acceptable to a wide range of interests. Given the relatively small size of most heritage organisations, it is desirable that all staff and/or volunteers are engaged in the strategic thinking process at some point. If these discussions are effective and real, they build commitment and ownership throughout the organisation and lead to better decision-making.

The structure of the committee's statement of strategic intent

There is much jargon associated with the strategic thinking and strategic planning processes. There is a range of terms which are commonly used but often mean different things to different people. It is desirable to keep the overall strategic direction framework as simple and as brief as possible. Whichever terms are used, ensure that these are used consistently and that they do not obscure the basic statements of what the organisation is trying to achieve. The following seven-component framework has been well tested and is in accordance with widely accepted uses of the terms.

- 1 **Vision statement** – what do we want our organisation to look like in 3–5 years time?
- 2 **Purpose statement** – the primary reason why the organisation exists at all.
- 3 **Values** (beliefs and principles that are intended to both inspire effort, and guide behaviour)
- 4 **Strategic outcomes** – the high-level, longer-term (3–5 years) results the organisation wants to achieve.
- 5 **Key results** – the short-term (next 12 months) achievements of the organisation

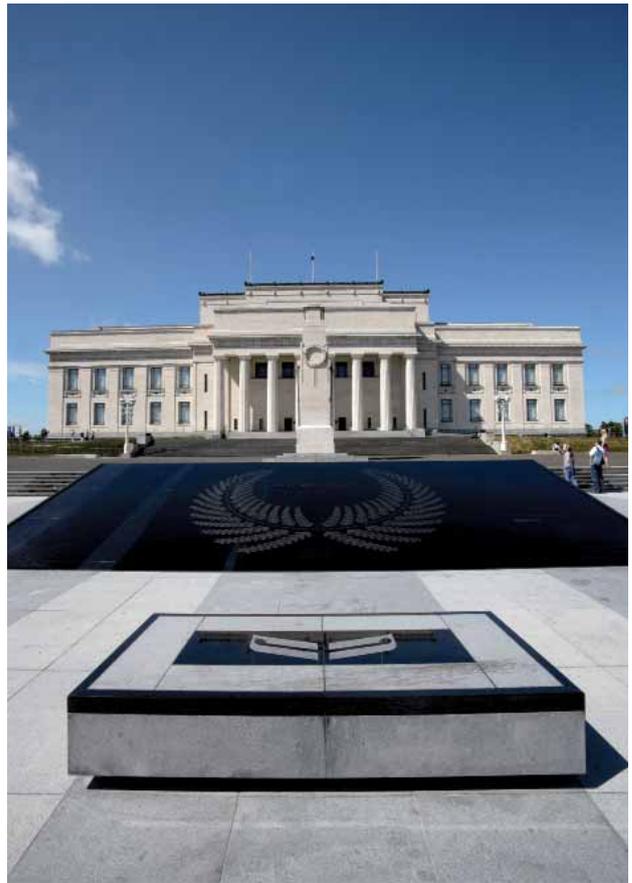
- 6 **Performance measures** – measurements or milestones that the committee will need to monitor to ensure the achievement of key results.
- 7 **Resource allocation.** For each of the key results, there should be an allocation of resources (financial and others) to ensure that the results are achievable.

Discussion topics

- Is your committee effective in giving direction?
- Has it clearly articulated its expectations about the outcomes or results the organisation should deliver?
- Is the vision a widely-shared one that is sustainable by future committees or is it dependent largely on the thinking and energy of one person (e.g. the founder)?
- In what type of deliberations is your committee primarily engaged – those that relate to designing the futures, or those that relate to minding the shop?
- Does it have a simple, brief document that sets out the committee's sense of strategic direction, priorities etc?

Further reading

NSTP Resource Guides 14, 32.



Auckland Museum

16 Tools for strategic thinking

In this chapter:

- A description of two strategic thinking tools and how the committee can use them.

Introduction

The following tools are offered to assist the committee in the process of environmental scanning and strategic thinking⁸.

SWOT analysis

The systematic review of Strengths Weaknesses Opportunities and Threats is one of the most basic and powerful strategic thinking tools. It should be regularly used by the committee when analysing its operating environment and the continuing relevance of its purpose, strategic outcomes, and key results. Having identified the strengths, weaknesses, opportunities and threats, the committee and management should work together to build on the strengths and opportunities and either eliminate the weaknesses or turn them into strengths, and to devise strategies to address the threats.

Brainstorming

Brainstorming is a means of generating ideas about different issues. It is so widely used in organisational life that it is often assumed that everyone knows how to do it. However, there might be some value in briefly restating some of the key rules for the process. These rules are designed to ensure that the brainstorming process is effective and efficient, and to maximise the contributions of all participants. The key rules are:

- accept all ideas offered by participants
- don't analyse ideas as they arise
- stop the brainstorm when the ideas dry up
- check that everyone understands what is meant by the phrases on the flipchart
- arrange the ideas into logical groupings
- debate their significance
- rank in order of significance
- decide what action to take.

There are many other strategic thinking tools and these are documented widely in the host of strategic thinking and strategic planning literature available.

Discussion topics

- Does your committee know how to actively use a range of strategic thinking tools to remain focused on the future?

⁸For further information on Strategic Thinking tools go to <http://www.mindtools.com> and NSTP RESOURCES

17 Accountability to stakeholders

In this chapter:

- The importance of having a clear idea of who are the organisation's beneficiaries and other key stakeholders
- The value in developing a stakeholder relationship strategy
- Conducting a stakeholder analysis

Does the committee know who it is working for?

No organisation exists solely for its own sake. Its purpose is to achieve something worthwhile for someone.

Stakeholders are not just the 'owners' (the members), but all those groups and individuals who benefit in some material way from the existence of the organisation, or whose lives are affected by it. So for example, stakeholders would include suppliers, staff, local iwi rūnanga, volunteers, funding bodies, sponsors, National Services Te Paerangi, other central government agencies, schools, tourism sector, local government agencies, special interest groups, international bodies, other heritage organisations, landlords etc.

An important series of questions for the committee, therefore, relates to:

- who are our most important stakeholders?
- what do we do for them?
- what do they expect/need from us?

Good governance demands that all key stakeholder interests are clearly identified and appropriate relationships established. The committee should consider how to actively involve the key stakeholders in the process of thinking about, and setting, direction and priorities.

This is something that the committee needs to address regularly (at least annually) and in some depth, and should form the basis for an explicit stakeholder relationship strategy.

It is important to develop this strategy because the need for the committee to explicitly develop a stakeholder relationship strategy is, not least, because the interests and expectations of key stakeholders are sometimes in conflict with one another and trade-offs have to be made. Some stakeholder expectations may be in conflict with what is in the best interests of the

organisation itself. Similarly, at times the committee may need to do what it knows is right even when this may go against the wishes of stakeholders with whom the committee has a very close relationship.

The process of setting strategic direction should involve key stakeholders and not be undertaken in isolation. Although stakeholders should not drive decision making, they should be consulted.

A constructive and timely dialogue with key stakeholders about future organisational direction also offers potentially excellent opportunities to communicate with stakeholders and build mutually satisfactory relationships.

Engaging with stakeholders means meeting with them periodically. For example, at least once a year the committee should meet with a representative group of the volunteers and discuss with them the committee's strategic vision, inviting their input and understanding.

Discussion topics

- Who are your 'owners' and how does the committee express its accountability to them?
- Have you defined the organisation's other key stakeholders and how the committee expects the organisation to relate to them?
- Does the committee treat all stakeholder issues in the same way, or does it have a clear sense of which issues and which relationships are really important?
- Is there a stakeholder engagement plan scheduling key stakeholders to meet with the committee during the year?



The Sir James Fletcher Kawerau Museum has a strong relationship with stakeholders.

18 Scanning the environment

In this chapter:

- The importance of paying attention to what is going on beyond the organisation

Looking outward

What is going on in the local community, within the heritage sector, and within the nation are matters which no heritage committee can afford to ignore.

Because the committee consist of volunteers who often serve only for short terms and the committee meets relatively infrequently, there is a high risk that the committee will defer, postpone, or simply avoid important issues that could have a big impact on the organisation's future. Every committee should satisfy itself from time to time that it is facing up to and addressing in a timely way, the future of the organisation. Is the committee facing up to reality?

To respond to this challenge, each committee meeting should feature an item that might be called the 'environment scan' or something similar. The purpose of this item is to have committee members and senior staff address the twin questions of:

- what has happened in our environment since we last met?
- what does it matter?

Discussion topics

- Do you consider your committee is 'wide awake'?
- Does it systematically review what is happening in its wider environment?
- Does it have a clear sense of the matters it should consider strategic?

19 Thinking strategically about risk

In this chapter:

- Does the committee have the right type of focus on risk?
- The different aspects of risk
- Being strategic about risk management
- Clarifying the committee's role in risk management

Does the committee have the right type of focus on risk?

It is important that the committee has an effective system in place to assist it to identify potential barriers to effective and efficient achievement of the results desired by the committee. The committee should review the principal strategic and operational risks facing the organisation regularly.

What is risk?

Risks are uncertain future events that could impact on the organisation's ability to achieve its objectives.

Change brings risk, but without change there can be no progress. Most organisations, therefore, cannot do business without incurring some level of risk. Although there is a natural tendency to think of risk management as protecting the organisation from something bad – such as loss of reputation – the committee that is very conservative (risk averse) can damage an organisation just as much as the committee that is over-lenient or has a reckless attitude.

Risk management is the process by which the committee and the manager ensure that the organisation deals with this uncertainty to its best advantage.

Strategic risk management

Traditionally, the discipline of risk management has been devoted to addressing threats of accidental loss. In this context, the most that the process of risk management could ever accomplish was to reduce or eliminate losses. Another important perspective, however, is that of non-accidental risks. It is also very important to consider the possibility of gain from risk. 'If this were to happen how could we turn it to our advantage?'

Strategic risk management embraces both possible gains and possible losses from risk. It seeks not only to counter all losses, both from accidental events and from unfortunate business judgements, but also to seize opportunities for gains through organisational innovation and growth.

Effective strategic risk management is vital if an organisation is to be all it can be.

If the committee has not considered the possible consequences of something untoward happening, it would almost certainly be unable to respond appropriately if the worst were to happen. If the committee has ensured that it is prepared for a broad range of potential future outcomes, it will face less uncertainty and less risk. If its manager was to suddenly become unavailable it may not lessen the surprise, but it would certainly reduce the impact.

Even though the thinking of committees is often over-optimistic, there are probably many committees equally unprepared for 'windfall' opportunities. For example, if an organisation has never prepared for the offer of a large new sponsorship deal from an unexpected source, when a potential benefactor does appear it may be unable to respond promptly or coherently. The benefactor may be forced to conclude that the committee has no clear, inspiring plan to use the sum offered and that another organisation would better be able to put the sponsorship to more effective use. Some thoughtful long-range planning, even 'dreaming', should enable the committee to visualise its future options to the point that the organisation can respond constructively and rapidly, even to an unexpected and generous offer. A strategic approach to risk management is proactive and recommended.

There are at least three good reasons why the committee needs to ensure that its organisation takes a strategic approach to risk management:

- to counter losses
- to reduce uncertainty
- to take advantage of opportunities.

Countering losses

Countering accidental losses typically involves reducing the probability, magnitude, or unpredictability of accidental losses. Techniques for reducing accidental losses usually involve either avoiding or modifying the activities that may generate accidental losses.

For example, if a museum decides to participate in a display week being organized by the local city council, and chooses to transport elements of its irreplaceable collection to a central facility, it becomes exposed to a variety of potential losses from vehicle accidents. To reduce the probability of these accidents, the museum may decide not to transport the collection but simply display some posters (an avoidance initiative). Alternatively, it may transport the collection but only after making sure that its volunteer drivers are well trained, that their vehicles present the least risk to the collection in the event of an accident, and that the routes traveled are the safest possible (these are modifying initiatives which reduce the probability of an accident occurring and/or lessen exposure to loss).

In this example, the museum may pay for minor losses from traffic accidents (e.g. vehicle repairs) from its own funds (the retention strategy). Alternatively, it may contract with a separate transport organisation to provide the necessary transport (in effect, sharing the burden of any accidents).

Reducing uncertainty

Uncertainty can be reduced by gathering more information to improve understanding and predictions, and by anticipating and preparing for a wider range of outcomes.

Reducing uncertainty removes doubts and makes both the committee and the manager more confident in moving forward, and more optimistic in making the changes that the achievement of their organisational mission requires. Good strategic risk management enables the committee and the manager to avoid the worst and capture the best, making the most of an always unpredictable future environment.

Taking advantage of opportunities

While it cannot guarantee total success, strategic risk management does encourage a committee to:

- be open to, or create, opportunities
- evaluate opportunities as they develop
- be ready to act on opportunities that appear promising
- oversee the introduction of new operating procedures that will facilitate a timely response to new opportunities
- evaluate whether an opportunity that has been taken up has benefited the organisation and those whose interests it serves

The following table illustrates a useful format for recording the committee's discussion during this exercise.

Risk factor (list)	Probability	Possible impact	Adequacy of response/ preparations
Fire	Medium	High	Less than satisfactory
Tension with volunteers regarding direction	High	High	Medium
Being forced to close	Low	High	Poor
Lack of a shared vision	Medium	High	Poor
Etc, etc (other areas of risk unique to your organisation)			

If it wishes to, the committee could also assign scores to a matrix like this to highlight even more clearly where its attention should be focused.

For example, a simple scoring system might look like this (High 5; Medium 3; Low 1)

Risk factor (list)	Probability	Possible impact	Total
Fire	3	5	8
Tension with volunteers regarding direction	5	5	10
Being forced to close	1	5	6
Lack of a shared vision	3	5	8

The committee should regularly review the issues on the table and determine whether any information has been received that makes the risk now more probable or likely to have a bigger impact, and whether new issues should be added and old ones deleted.

The committee should be conscious that, while risks can be managed through the operation of various types of controls, these will not always eliminate risk; any remaining risk is the organisation's exposure to risk, or its net or residual risk. There is a relationship between an organisation's objectives, risks, and controls, and its risk exposure.

It is important to recognise that improving control is not just about increasing the number of controls or the frequency with which they are operated, but is also achieved by designing and introducing better controls. Increased control obviously comes at a cost:

- direct costs – such as administrative staff and information systems
- opportunity costs – such as missed cultural growth opportunities or less entrepreneurship.

An organisation will not, therefore, want to deploy all the controls that might be available or possible when managing risks. Each cultural organisation needs to determine its own overall risk exposure and ensure that this fits with the committee's agreed approach to risk.

Further reading

AS/NZS 4360:2004 – a generic risk management framework that can be adopted by any organisation (more information is available on the Standards New Zealand web site www.standards.co.nz).

Discussion topics

- Does the committee regularly (at least annually) systematically review the risks facing the organisation?
- Has it clearly agreed and communicated the level of risk it is prepared to tolerate in relation to critical organisational performance factors?
- Does it have clear policies in place that define boundaries within which the manager can operate without further reference to the committee?
- Is the committee satisfied that there are contingency plans in place to deal with risks that cannot be controlled or mitigated?

APPENDICES

Appendix 1: Māori Participation in Museum Governance

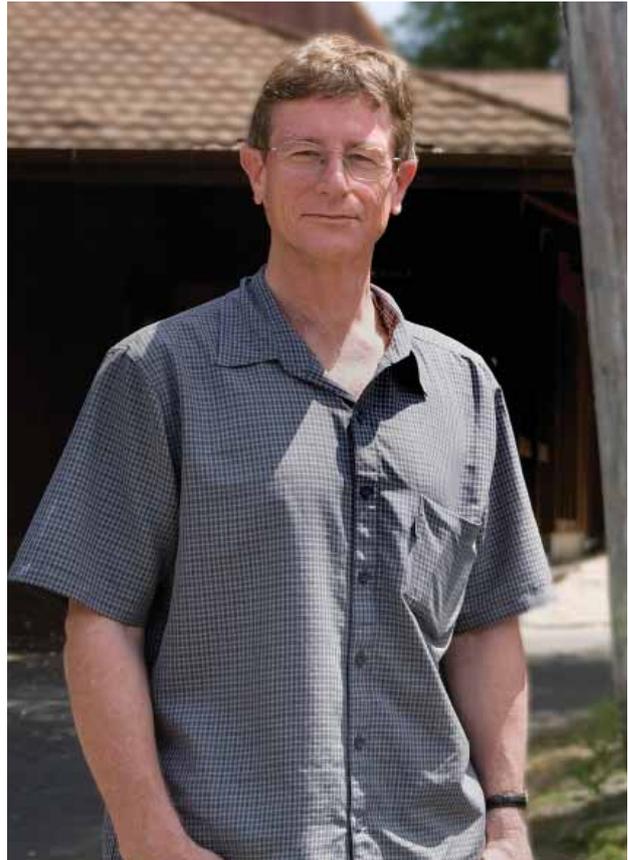
The purpose of this chapter is to provide an introduction to Māori participation in museum governance in New Zealand museums. Attention is given to both the nature of Māori representation within different governance models and the recognition of tangata whenua in the provisions that are included in trust deeds.

As a result of the *Te Maori* exhibition in the 1980s and subsequent Māori advocacy for change, combined with increasing recognition of the need for change by many museum practitioners, a number of fundamental attitudinal shifts in the relationships between museums and Māori have occurred during the last thirty years. Māori collections were reconceptualised and revalued, not as ethnological curiosities, but as taonga tuku iho, and as art, and the link between these collections and the people for whom they have particular significance was acknowledged. The manner in which Māori collections were exhibited began to shift, from an emphasis on typological and static displays towards recognising that the collections are part of the living heritage of tangata whenua. There was also the beginning of a significant shift from Māori inclusion in museums, primarily as the subject of collecting and representation, to increasing Māori representation in all aspects of museum activity – from museum practice to museum governance. While it is possible to identify this broad pattern of changes, it must also be emphasised that the rate of change varied throughout the country and even within institutions.

Constitutional Models for Māori Representation in Museum Governance

In the following pages the current range of constitutional models for Māori representation in museum governance is outlined. An analysis of the pattern of change in Māori representation in the governance of New Zealand museums in the last thirty years suggests that, for each of these models, the nature of the changes can best be understood as an outcome of both the local context and the influence of changes occurring at the national and international levels. As a consequence of this, although a limited number of governance models for Māori representation can be identified, each institution has shaped one of these models to suit its particular set of circumstances.

Māori participation in the governance of museums that hold in trust collections of taonga tuku iho Māori is now accepted as being in accord with the principles of the Treaty of Waitangi and the principles of mana whenua and mana taonga. Increasingly, museums of



Dr David Butts, Director Tairāwhiti Museum and Art Gallery, Gisborne

art, history and natural history are recognising the importance of Māori participation in their governance bodies in order to be inclusive of, and responsive to, Māori communities in their collection development and public programming.

There are two elements essential to effective Māori representation in museum governance. The first requirement is that specific provision is made for Māori membership of the governance body or, at the very least, Māori membership of the body that determines the membership of the trust board. The second requirement is the inclusion of a set of principles in the legislation or constitution of the institution that provides guidance in relation to the role of Māori in the governance of the institution.

Metropolitan Museums: Legislative Models

Recent changes made to the legislation establishing each of New Zealand's major metropolitan museums have included changes to Māori participation in the governance of these institutions.

(a) The Museum of New Zealand Te Papa Tongarewa

The 1936 act establishing the Board of Trustees of the National Art Gallery and Dominion Museum made provision for the inclusion of a representative of the 'Native Race'. The first person appointed was Sir Apirana Ngata. The Museum of New Zealand Te Papa Tongarewa Act 1992 makes no specific provision for Māori representation, although there have always been two Māori members appointed to the Te Papa board since its inception. The First Schedule of the act, consistent with the State Services Act, requires the board to recognise: (1) the aims and aspirations of the Māori people; (2) the employment requirements of Māori people; and (3) the need for substantial involvement of Māori people as employees of the board.

(b) Auckland Museum

There was no specific provision for Māori participation in the governance of Auckland Museum before the passing of the Auckland War Memorial Act 1996. This act creates the Taumata-a-lwi that is responsible for advising the museum trust board, management and staff on the operations of the museum and issues relating to taonga Māori. The five members of the Taumata-a-lwi are drawn from local iwi: Three from Ngāti Whatua, one from Tainui and one from Ngāti Paoa. The Taumata-a-lwi appoints one member to the ten-member Auckland Museum Trust Board. The trust board is required: 'To observe and encourage the spirit of partnership and goodwill envisaged by the Treaty of Waitangi, the implications of mana Māori and elements in the care of Māori cultural property which only Māori can provide.' The Taumata-a-lwi proposed a statement of principles known as the Kaupapa and this was adopted by the trust board. The Kaupapa outlines five principles: The right to advise; partnership; Māori expectations; active protection; redress for past misunderstandings. The trust board has also adopted a policy statement known as the Guiding Principles for the Auckland Museum Trust Board's Relationship with the Taumata-a-lwi.

(c) Canterbury Museum and Otago Museum

The Canterbury Museum Board Act (1993) makes provision for a board of eleven members, one of whom is to be appointed by the Ngai Tahu Māori Trust Board. The Otago Museum Trust Board Act (1996) makes provision for the appointment of one

member by mana whenua, the appointment procedures to be determined by the parties responsible for the appointment.

Regional Museums

The following four types of models for the provision of Māori participation in the governance of regional museums are outlined here: (1) Local Authority Museum Models; (2) Council Controlled Organisation Museum Models (3) Charitable Trust Museum Models; and (4) Local Authority/Charitable Trust Hybrid Model.

(1) Local Authority Museum Models

Local authority museums are located within a department or business unit of their local authority. These museums do not have trust boards. The museum directors are responsible to a council committee and a manager within the local authority structure.

(a) Rotorua Museum of Art and History is a local authority museum. The director of the museum reports to the Director of Community Services and is a member of the Community Services Management Group of the Rotorua District Council. Tangata whenua advisory services are provided by Te Pukenga Koeke o Te Whare Taonga o Te Arawa. The members of this advisory group are appointed by the hapū of Te Arawa. Similar committees provide advisory services for local authority museums throughout New Zealand.

(b) Puke Ariki, a library and museum within the New Plymouth District Council, has a Komiti Māori (Māori Advisory Committee), consisting of representatives of all the iwi in the Taranaki region, to advise the director on tikanga Māori and all matters relating to the Taonga Māori collection.

(2) Council Controlled Organisation (CCO) Museum Models

A Council Controlled Organisation is governed by a charitable trust of which fifty percent or more of the trustees are appointed by the local authority.

(a) Te Manawa (museum/art gallery/science centre)

The Manawatu Museum Society, established in 1969, transferred governance of the museum to the Science Centre, Manawatu Museum and Manawatu Art Gallery Trust in 1999. These three entities are now known collectively as Te Manawa. In its statement of purpose the trust is required to 'recognise and act in accordance with the principles of the Treaty of Waitangi.' The trust board is to consist of not less than five and

not more than nine members, comprising: (a) up to two trustees appointed by Tangata Whenua and (b) up to five trustees appointed by Palmerston North City Council. The board may also co-opt two further trustees as long as the total number of trustees does not exceed nine. The trust deed does not specify the process by which Tangata Whenua representatives will be appointed.

In 2002 the Te Manawa Museums Trust Board entered into the Te Rangimarie Agreement with local iwi. This agreement recognised the significant mana whenua role of the people of Te Rangimarie in the Manawatu and also recognises the interests of other iwi in the wider region.

Te Manawa has also formed an iwi advisory committee with representation from all the iwi who have a presence within the Manawātū – Horowhenua - Rangitīkei region.

- (b) Tasman Bays Heritage Trust is responsible for the governance and administration of The Nelson Provincial Museum Pupuri Taonga o Te Tai Ao. The Trust is a Council Controlled Organisation (CCO) with joint shareholding by both Tasman District Council and the Nelson City Council. Its constitution establishes an electoral college that considers nominations for the trust board. While there is Māori representation on the Electoral College, there is no specific provision for Māori participation at the trust board level. However, the Electoral College has always appointed two Māori representatives to the trust board. The museum has a Komiti Iwi consisting of representatives from Ngāti Kuia, Ngāti Koata, Ngāti Tama, Ngāti Rarua, Ngāti Toa Rangatira, and Te Atiawa.
- (c) The Suter (art museum) Te Aratoi o Whakatu in Nelson is a CCO of the Nelson City Council. The Suter is governed by a charitable trust with five trustees appointed by Nelson City Council, one trustee appointed by Ko Te Pouaranga and one trustee appointed by the Suter Art Society. The Suter Trust Deed states in the Aims of the Institution (Section 3 (b)) that the trust board should recognise ‘the role of Tangata Whenua as kaitiaki of taonga Māori and their special contribution to the art and identity of the region.’

(3) Charitable Trust Museum Models

Most of New Zealand’s well established regional museums are operated by charitable trusts. Māori participation in the governance of these institutions is defined in the trust constitutions. This section outlines four models that may be useful as options to be considered in discussions about Māori participation in museum governance.

(a) Tairāwhiti Museum

In 1999 the Gisborne Museum and Arts Centre Incorporated Society, established in 1954, relinquished the governance of the museum and art gallery to the Gisborne Museum and Arts Centre Trust. This institution now operates under the trade name Tairāwhiti Museum and Art Gallery. In drafting the new trust deed the museum was influenced by some elements of the Auckland War Memorial Museum Act 1996. Section Three of the trust deed, entitled Treaty of Waitangi, reads as follows:

The board and each individual member of the board shall at all times act in accordance with the principles of the Treaty of Waitangi and will:

- (a) Observe and encourage the spirit of partnership and goodwill envisaged by the Treaty, the implications of mana Māori and elements in the care of Māori cultural property which only Māori can provide; and
- (b) Actively pursue a policy of involvement of Māori in such a way that will retain the trust and confidence in the support of Māori for the objectives of the trust and that will promote among Māori a sense of ownership, in common with the rest of the community, of the museum and its undertaking. (Gisborne Museum and Arts Centre Charitable Trust Deed, 1999: 4)

Representation on the trust board includes five Tairāwhiti iwi appointments (Ngāti Porou, Te Aitanga a Hauiti, Te Aitanga a Mahaki, Rongowhakaata, Ngai Tamanuhiri), four Gisborne Museum and Arts Centre Society appointments and two Gisborne District Council appointments. Since 1999 the Gisborne Museum and Arts Society and Gisborne District Council have also each included one Māori representative in their appointments to the board.

(b) Whanganui

The Whanganui Public Museum Society, established in 1893, was replaced by the Whanganui Regional Museum Trust in July 2001. The Constitutional Principle of the trust states that:

The principles of partnership and two cultures development arising from the Treaty of Waitangi will be fully implemented within the museum. (Whanganui Regional Museum Trust Constitution 2000: Section 3).

The Whanganui Regional Museum also included eight principles of governance, including the statement:

‘the principles of partnership and two cultures development will be interpreted in the manner of the ‘Mihinare’ model of governance.

The trust is governed by a Joint Council of a maximum of twelve members, up to six of whom are appointed by the Tikanga Māori House and up to six of whom are appointed by the Civic House. Therefore, iwi appoint fifty percent of the members of the Joint Council.

The Tikanga Māori House meets monthly and its membership currently consists of mandated representatives from iwi and hapū including Mookai Patea, Ngāti Hauti, Ngā Rauru, Te Atihaunui-a-Paparangi, and Ngāti Apa. Any person who is a descendant of any of these iwi is able to attend the meetings of the Tikanga Māori House.

The Civic House meets monthly. Its membership currently consists of the six members of Joint Council appointed by the Civic House Electoral College. Civic House Electoral College consists of stakeholder representatives, including natural heritage organisations, educational organisations, cultural heritage organisations, the business community and territorial local authorities in the Whanganui Region, as well as representatives of the museum society and the Queens Park Partners (Sarjeant Art Gallery and Whanganui Public Library).

(4) Local Authority Charitable Trust Hybrid Model

(a) Hawke’s Bay Museum and Art Gallery

Hawke’s Bay Museum and Art Gallery has recently become a business unit within the Napier City Council, while the collection is owned by the re-formed Hawke’s Bay Cultural Trust. The Hawke’s Bay Museum and Art Gallery has an Iwi Advisory Committee, the members of which represent Ngāti Kahungunu. The Hawke’s Bay Cultural Trust has three trustees, one of whom is a representative of Ngāti Kahungunu, appointed by Ngāti Kahungunu Incorporated.

Evaluation of Māori Participation in Museum Governance

There is generally an expectation that the increased participation of tangata whenua in museum governance will deliver benefits for tangata whenua, the wider community and the museum. The following are some of the anticipated benefits:

- (1) The iwi representatives will bring a range of governance skills and cultural knowledge to museum governance

- (2) There will be more effective representation of hapū and iwi interests within museum governance and this will facilitate stronger relationships between the museum and iwi development strategies
- (3) There will be more effective communication between the museum and hapū and iwi
- (4) The museum will become a culturally safe environment for museum trustees, museum staff and the community
- (5) The museum trustees will engage in more effective medium and long term strategic planning
- (6) The trustees will ensure the development of appropriate policy in all areas of the museum’s activities, particularly the care and use of taonga Māori
- (7) Museum practice will accord with the appropriate kawa and tikanga
- (8) Both physical and intellectual access to taonga Māori collections will be significantly increased
- (9) The representations of tangata whenua in exhibitions and public programmes will include the contemporary realities of Māori lives as well as customary practice
- (10) Tangata whenua will protect the interests of other iwi whose taonga are held in the museum collection
- (11) There will be greatly increased cross-cultural communication and understanding within the governing body, the museum and the wider community
- (12) There will be more effective dispute resolution processes, outlined in policy, for people who have a grievance with the museum and the museum will be proactive in identifying and resolving historical grievances.

It is clear from this list that the museum’s governance body must be conscious of the need to continue to enhance policy and practice at the governance level and to ensure that the governance principles in the constitutional arrangements are translated into the organisational structure and wider museum policy. Operationalising the bi-cultural principles inherent in the newly evolving museum constitutional arrangements throughout the organisation is a significant challenge for every institution.

Appendix 2: Sample Conflict of Interests policy

Policy type – Governance Process

The board places great importance on making clear any existing or potential conflicts of interest for its members. All such conflicts of interest shall be declared and documented in the board Conflicts of Interests Register. Accordingly:

1. Any business or personal matter which is, or could be, a conflict of interest involving the individual and his/her role and relationship with the organisation, must be declared and registered in the Conflicts of Interest Register.
2. All such entries in the Register shall be presented to the board and minuted at the first board meeting following entry in the register.
3. Where a conflict of interest is identified and/or registered, the board member concerned shall not vote on that issue. Only with the unanimous agreement of all other members present may the member concerned participate in any board discussion on that topic. Failing such agreement being reached, the individual shall either refrain from participation or leave the room.
4. When the chairperson is aware of a real or potential conflict of interest involving one of more board members, the chairperson must take whatever steps are necessary to ensure that the conflict is managed in an appropriate manner according to this policy.
5. Individual board members, aware of a real or potential conflict of interest of another board member, have a responsibility to bring this to the notice of the board.

Examples of conflicts of interest are:

- when a board member, or his/her immediate family or business interests, stands to gain financially from any business dealings, programmes or services of the organisation
- when a board member himself/herself offers a professional service to the organisation
- when a board member stands to gain personally or professionally from any insider knowledge if that knowledge is used to his or her personal or professional advantage.

Appendix 3: Boardroom core competencies

The following table lists a number of basic boardroom competencies. To assist in the discussion of board succession planning, use these (and any others you may think important) to rate the collective competencies of the present board, and to assess the level of that competency needed for the future (e.g. greater/less/same).

Communications and relationships

1	Oral Communication skills	Board members are able to communicate concepts so that others can understand them easily and use them in decision making.
2	People skills	Board members have the capacity to develop effective relationships at all levels and across different disciplines, sectors, and, where relevant, cultures.
3	Ability to listen meaningfully	Board members are able to hear and understand the positions and values of others.
4	Ability to influence and persuade others	Board members are able to develop value propositions based on an understanding of others' needs, and put them persuasively.
5	Ability to understand and relate to stakeholders	Board members have the ability to understand and respond to the various positions of stakeholders in a sensitive, reasoned way.
6	Good public presentation skills	Board members are credible and able to command respect on behalf of the organisation and board.
7	Good sense of humour	Board members have an ability to stay positive and contribute to a positive and enjoyable team environment.
8	Ability to establish quality relationships	Board members have the capacity to interact constructively and respectfully with others, and work effectively and collegially with board peers and other internal and external stakeholders.
9	Environmental awareness and understanding	Board members have an ability to perceive and understand the broader economic, social, and political factors that affect the success of the organisation.
10	Ability to think strategically	Board members have the capacity to look beyond operational issues, develop a vision for the future of the organisation, and understand and embrace strategy that will attain that vision.

Appendix 3 *continued*

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| 11 | Analytical, critical reasoning and problem solving skills | Board members have the ability to get beneath the surface of issues, and the capacity to focus on, prioritise and resolve complex issues. |
| 12 | Basic financial literacy and analytical ability | Board members are able to comprehend spreadsheets, monthly finance reports, balance sheets, budget forecasts, annual reports etc. |
| 13 | Ability to gain respect and act as a mentor to management | Board members have the capacity to develop effective relationships with management. They are seen as trusted and positive contributors; interested but non-interfering; and respectful of management's accountabilities but insistent upon the board's need to know. |

Experience/knowledge

- | | | |
|-----------|--|--|
| 14 | Corporate governance experience and competence | Board members understand the role of a board and the legal responsibilities associated with directorship. |
| 15 | General knowledge and understanding of the organisation/ industry and issues within it | Board members have a strong grasp of the organisation and the industry within which it operates, and understand what the key success factors are. |
| 16 | Knowledge of general legal issues | Board members can demonstrate a clear understanding of the relevant legislative and regulatory environment within which the organisation operates. |
| 17 | Education and broad business experience | Board members have substantial experience within the industry sector, and have experienced a wide range of business environments. |
| 18 | Knowledge of own limitations and when and where to ask for help on specific matters | Board members know when to seek information and/or professional advice on issues where the board lacks appropriate levels of knowledge. |

Appendix 3 *continued*

Other personal qualities

19	Ethical, open, honest, trustworthy, and transparent with high levels of integrity	Board members demonstrate a strong sense of integrity and business ethics.
20	Independence and inquisitiveness	Board members have an independent mind and inquisitive style. They have the courage to challenge the status quo. They have a preparedness to explore issues rigorously – to be able to ‘disagree without being disagreeable’. They can work collaboratively while remaining forthright and decisive.
21	Preparedness to work hard and commit time and effort to do the job well	Board members read board papers, and ask questions before board meetings and not solely at board meetings. They are happy to shoulder the responsibility attaching to a governance position. They are prepared to contribute their experience to the board and the organisation.
22	Embrace the objectives and aims of the organisation	Board members have a personal commitment to the aims and objectives of the business, and are good matches for the corporate culture of the organisation.
23	Outcomes focused	Board members are committed to seeing that the organisation makes a difference, and achieves real results.
24	Stewardship orientation	Board members are committed to serving the interests of the wider community. They understand that the board is a trustee body that serves others.

Appendix 4: Sample Board Committee Policy

Policy type – Governance Processes

The board will establish committees and task forces only to support it in its own work, never to conflict with the general manager's delegated responsibilities

1. Committees and task forces shall have Terms of Reference or Role Definitions clearly defining their role, life span, procedures and functions, and the boundaries of their authority, reviewed annually.
2. A decision of a board committee or task force exercising delegated authority is a decision of the board and should be treated by the general manager accordingly.
3. Committees and task forces may co-opt outside members from time to time in order to bring additional skills, experience, or networks.
4. Committees and task forces cannot exercise authority over staff nor shall they delegate tasks to any staff unless the general manager has specifically agreed to such delegations.
5. Unless explicitly empowered by the full board, committees or task forces cannot make binding board decisions or speak for the board. For the most part, the function of committees and task forces is to make recommendations to the board.
6. Board committees and task forces will not mirror operational divisions, departments, or staff functions.

Appendix 5: Sample Board Review Questions

SAMPLE BOARD EVALUATION FORM ⁹		Totally Agree	Agree	Disagree	Totally Disagree
1.	Board members have the skills and experience needed to provide effective governance of this organization.	1	2	3	4
2.	The board's standards of achievement in governance are as high as it expects of the organisation's artistic achievement.	1	2	3	4
3.	The board reviews its governance performance.	1	2	3	4
4.	The board undertakes activities designed to improve its own governance performance.	1	2	3	4
5.	The board has adopted explicit statements that spell out such matters as the organisation's purpose, values, strategic direction, and priorities.	1	2	3	4
6.	The board consults – in order to understand their perspectives and to obtain their opinions about the organisation's direction and performance – with: (a) 'owners' (b) other key stakeholders (e.g. sponsors)	1	2	3	4
7.	The board has a clear understanding of the part it must play in the success of the organization.	1	2	3	4
8.	The board has adopted policies that spell out its own role and responsibilities, and define how it will operate (e.g. job description, code of conduct etc).	1	2	3	4
9.	The board has clearly expressed the key outcomes or results it expects the organisation to achieve.	1	2	3	4
10.	The board formally and effectively assesses and evaluates the risks facing the organisation.	1	2	3	4
11.	The general manager's compliance with the board's expectations and policies is monitored regularly.	1	2	3	4
12.	The board has clear criteria for deciding which matters justify its time and attention.	1	2	3	4

Appendix 5 *continued*

SAMPLE BOARD EVALUATION FORM ⁹		Totally Agree	Agree	Disagree	Totally Disagree
13.	The board has a comprehensive induction programme that assists new board members to become full contributors as soon as possible.	1	2	3	4
14.	Board meetings focus on longer-term policy and strategic issues.	1	2	3	4
15.	The board provides proactive leadership and direction to the organisation.	1	2	3	4
16.	Board meetings are conducted so that each member is able to share fully in discussion and decision-making.	1	2	3	4
17.	Conflicting views within the board are aired openly and dealt with effectively.	1	2	3	4
18.	In board deliberations, members focus on the interests of the organisation as a whole.	1	2	3	4
19.	Board members leave meetings with a collective sense of achievement.	1	2	3	4
20.	The difference between governance and operational roles and responsibilities is clear.	1	2	3	4
21.	The board has a clear idea of what information it needs.	1	2	3	4
22.	The information received by the board is in a form that allows all board members to fully comprehend the organisation's situation and performance.	1	2	3	4
23.	The board has explicitly stated its performance expectations of the general manager (and any other staff appointed directly by the board).	1	2	3	4
24.	The board conducts a formal performance evaluation of the general manager, and any other staff it appoints directly, at least once per year.	1	2	3	4
25.	Once policies and strategic direction are agreed, the board leaves the general manager and staff to go about their business free from intrusion or interference.	1	2	3	4

Appendix 6: Sample Code of Conduct

Policy type – Governance Processes

Principles

- The board is responsible for moral leadership, and for setting the ethical and legal framework for the organisation, defining and nurturing the organisation's fundamental values.
- Sound board systems provide protection for the organisation, its stakeholders, the board and its members against fraud, illegal practices, and poor performance

Policy

The board is committed to the adoption of ethical and legal conduct in all areas of its responsibilities and authority.

Directors shall:

1. act honestly and in good faith at all times
2. avoid knowingly entering into any arrangement that may create a conflict of interest between the director and the organisation
3. declare all interests that could result in a conflict between personal and organisational priorities, or create the appearance of a conflict which could bring the organisation into disrepute (refer Conflict of Interest Policy)
4. be diligent, attend board meetings and devote sufficient time to preparation for board meetings to allow for full and appropriate participation in the board's decision making
5. ensure scrupulous avoidance of deception, unethical practice, or any other behaviour that is, or might be construed as, less than honourable in the pursuit of the organisation's business
6. not disclose to any other person confidential information other than as agreed by the board or as required under law
7. act in accordance with their fiduciary duties, complying with the spirit as well as the letter of the law, recognising both the legal and moral duties of the role
8. abide by board decisions once reached, notwithstanding a director's right to pursue a review or reversal of a board decision
9. not do anything that in any way denigrates the organisation or harms its public image.

The board shall:

10. ensure that there is an appropriate definition and separation of duties and responsibilities between itself and the general manager
11. make every reasonable effort to ensure that the organisation does not raise stakeholder or community expectations that cannot be fulfilled
12. meet its responsibility to ensure that all staff employed by the organisation are treated with due respect and are provided with a working environment and working conditions that meet all reasonable standards of employment as defined in relevant workplace legislation
13. regularly review its own performance as the basis for its own development and quality assurance
14. carry out its meetings in such a manner as to ensure full and fair participation of all directors
15. ensure that the organisation's assets are protected via a suitable risk management strategy.

⁹This is by no means a complete survey but should provide a starting point for a board which wishes to start a review process. For boards that wish to extend their assessment to other governance effectiveness variables may find the best practice guide in Good Governance No. 11 (September-October 1999) useful. www.boardworksinternational.com. The term 'owners' means shareholders, members, 'parent' organisations or others who may be considered to have an ownership interest even if morally rather than legally.

Notes



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