

NOT-FOR-PROFIT

Building a not-for-profit board

Attracting skilled directors onto the board of a small not-for-profit can be challenging. Domini Stuart outlines the best approach and the key things to consider.

A heavy workload, personal liability, little or no pay – the job description of many not-for-profit (NFP) board members can sound less than appealing. But NFPs need talented directors to help them achieve their mission and purpose. And good governance also has implications for Australia's economic health.

"There are around 600,000 organisations contributing \$43 billion to our gross domestic product," says Janine Cullen OAM FAICD, a communications specialist and media consultant with more than 20 years' experience as a director on state government, business and NFP boards. "Today's NFPs need directors who can set organisational direction and strategy, monitor the chief executive officer (CEO), oversee the organisation's assets and programs and ensure that it has the necessary human and financial resources."

So how do NFPs, and smaller organisations in particular, create the boards they need? "It can be a struggle but I believe there are many genuinely good people who are willing to take on this role," says Cullen.

Like any other board, a small NFP needs the right mix of skills. "This is a big challenge at both board and committee levels," says Mary Latham GAICD, a director of the Australian Conservation Foundation (ACF) and ChildFund Australia. "For example, a ChildFund Australia director nearing the end of her term is very experienced at operating programs in overseas countries. When the requirements are this specific, you're looking at quite a small pool of people who have the right skills and also the time and the commitment to volunteer."

The structure of the ACF provides a little more flexibility. "We have an elected advisory council in each state and territory which vote a certain number of members on to the board," Latham continues. "We can then

co-opt the other skills we need from a council or elsewhere.”

Many directors who would be happy to donate their services find that time is a limiting factor. “When you have a demanding career and perhaps a young family, a voluntary board role is a big ask,” says Latham. “There’s a lot of work involved if you’re going to do the job properly, particularly as most directors are also expected to sit on one or two subcommittees.”

NFPs should also be conscious of the risks they are asking directors to take. “Even if they receive no director fees or benefits they will have the same responsibilities as a director of Woolworths or BHP,” says Cullen. “Experienced and skilled directors can’t afford to risk their reputation so organisations must have a moral, legal and ethical framework that clearly demonstrates sound governance.”



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CHANTELLE BAXTER

Setting up the first board

Chantelle Baxter and David Dixon faced the added hurdle of forming a board for the first time. “We started our charity, One Girl, with the aim of educating one million girls across Africa by 2020,” says Baxter. “When we realised that a board of directors would help us get it off the ground

we started spreading the word that we were looking for board members, meeting as many people as possible and inviting the ones who inspired us to join. We had a lot of knock-backs before we were introduced to Julie Mundy, a friend of Dave’s dad.”

Mundy has extensive experience in planning, organisational development, women’s health and NFP governance. She had also set up nine NFP organisations in the previous six years.

“We knew she would make the perfect chair but Dave and I were both just 24, with not much to offer in the way of skills or experience,” says Baxter. “We were very fortunate that she saw value in our passion, energy and determination. This must be what initially drew her to us.”

The next two directors were easier to find. “We quickly recognised that we needed to complement Julie’s expertise with skills in finance and fundraising,” says Baxter. “We then found that, once one reputable person has said yes, others are more likely to follow. Julie recruited our first financial guru, Narelle Magee, who was a former accountant and chief finance officer at Marie Stopes International, then my dad put us in touch with Ranj Samrai, who worked as a marketing and fundraising executive at CARE International.”

Personal and business networks can be good places to start as long as contacts are subject to the same

rigorous selection criteria as any other candidate. “It’s true that people who are currently on the board know exactly what would be required of a new director and they may also know someone who would be a good fit,” says Lisa Cook, founder and CEO of Get on Board Australia and a director of several NFPs. “I wouldn’t rule this out completely, but I do encourage most organisations to cast their net a bit wider.”

Board requirements

Cook recommends starting with a skills audit that takes the next two to five years into account. “Appointing the right director now could help you to achieve your goals,” she says. “For example, I sit on the board of Inclusive Sport SA which provides services to people with a disability. We are currently considering whether we could extend those services to people who feel marginalised, such as immigrants and new arrivals. A director who is either a new arrival or works very closely with that group would help us to set up the internal structure we need to move into that space.”

A position description should include details of both the skills required and expectations associated with the role. “It’s really important that people know exactly what would be required of them before they commit,” says Cook. “For example, a director of a smaller NFP might need

Five steps to finding the right director for an NFP board

1. Don’t dismiss personal networks but be prepared to look further afield.
2. Create a position description that spells out the skills required, the duties and responsibilities that go with the role and a realistic assessment of the time involved. Be honest about any extra commitments such as sitting on committees, raising funds and hands-on involvement.
3. Post the position description on your website as a central source of information.
4. Share the information on social media and free job search websites and, if you wish, with professional search organisations.
5. Be open to appointing a first-time director.



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JANINE CULLEN

to be quite hands-on. I know of one director recruited for his financial acumen who was also expected to do the finance reports every month.”

There could also be a requirement to raise funds. “Some NFPs expect directors to bring in a certain amount of money and to attend certain fundraising events,” says Cook. “If that’s the case it needs to be spelled out upfront.”

A possible starting point

Many would-be directors think of a small NFP as a good place to start their career. “I’d say be prepared to give an inexperienced person an opportunity but only after looking just as closely at their character, motivation and commitment as you would if they were joining a paid board,” says Cullen. “You should also appraise their willingness to undergo professional development and complete courses that will provide the skills they need.”

It would be a mistake for any aspiring director to regard an NFP as an easy option. “An NFP board is just as demanding, and sometimes more demanding, than a commercial board,” says Latham. “It can also be very daunting, so it really helps if there’s a director you know you can rely on for help and support.”

Due diligence for would-be directors

Vera Visevic MAICD, partner at Mills Oakley and head of the NFP team, suggests that directors research the following 10 areas before deciding to join a small NFP board.

1. What is the organisation’s legal status and is it a registered charity?
2. Does it have a good reputation? Google is a good resource.
3. Have you reviewed all relevant documents? You should pay particular attention to the governing document, which is usually, though not always, called the constitution. This constitutes a contract between you and the organisation and its members and, as you will be bound by its terms, it’s important to read it carefully.
4. Is the organisation paying indemnity insurance and will any protection extend beyond your term of office?
5. Are there any board committees and, if so, will you be expected to sit on one or more?
6. Will your expenses be reimbursed?
7. What induction and ongoing training is provided to board members? Is there a directors’ manual or resource to help you understand the role and familiarise yourself with the organisation?
8. What is the strategic direction of the organisation and is strategy a priority?
9. How involved is the board in operational matters such as appointment of staff, internal dispute resolution, work health and safety?
10. Are you comfortable with the organisation’s finances, including the tax status, how financial matters are reported to the board and sources of funds? Are you confident, from your review of the financial reports, that the organisation can meet its debts and liabilities? If you are not certain, ask.

Some NFPs are concerned that they might be used as a stepping-stone to larger, fee-paying boards. “I don’t see that as a problem,” says Cook. “Even if that’s the plan, it will take longer than a few months for a novice director to acquire the necessary experience – I’d expect them to be with you for at least a couple of years. Presuming they



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bring useful skills and fresh thinking to the organisation, it’s better to have had them for a relatively short time than not at all.”

New or experienced, every director should be passionate about the cause. “As a board member, you will expend a lot of time, energy and brainpower on governing your organisation,” says Cook. “If you’re not in tune with its work and goals you’re likely to end up resenting it. An NFP board really does need to be a labour of love.”

Cullen has several friends and colleagues who sit on large and well-paid boards but still find time to help out small NFPs. “They do it for no other reason than they want to give back to the community.” ■