

The role of trustees

Boards of trustees of third-sector organisations are made up of people from different backgrounds and with different motivations, and work together to deliver certain specific functions.

- They add value by steering, anticipating and providing wisdom
- They have to focus on an organisation's vision, values, culture and achievements (i.e. what it does, rather than how it does it)
- They need to pay attention to their own development, with succession planning and improving the quality of the people on the board
- They recognise what contribution they can make in a limited amount of time. A common mistake that boards make is to get over-involved in activities that should be dealt with by volunteers or paid staff, instead of concentrating on the things that boards can do well.

Key functions of a board of trustees

1. Policy and strategy

A board has to agree on an organisation's strategy, policies and standards. They may contribute to or approve the strategy (they should ensure there is one) and they monitor the organisation's performance (and that of the chief executive) against agreed plans. They have to be aware of changes in the external environment and ensure that it can respond to new opportunities and challenges.

2. Representation

Board members need to listen to the different stakeholders of an organisation (donors, staff, service users, etc) and draw on their views in the decisions it makes, ensuring they reflect the interests of all stakeholders. This is even more the case if boards are elected by a membership.

3. Accountability

The board is accountable (to the Charity Commission - and sometimes to Companies House - in the UK) for overseeing all the organisation's work, appointing the chief executive, and setting up appropriate reporting procedures to ensure it knows and understands what the organisation is doing.

4. Resolving tensions

Boards can be effective mechanisms for arbitrating between different interests within an organisation

5. Governance

This is the board's primary responsibility. Governance means "managing the managers". It is about:

- Ensuring the organisation has a clear mission and strategy, but not necessarily developing it
- Ensuring the organisation is well-managed, but not managing it
- Giving guidance over allocation of human and financial resources, but with less concern over precise numbers
- Taking responsibility for the organisation's performance, but not getting involved in detailed performance management

Distinction between governance and management

A distinction between governance (that which is done by boards) and management (that which is done by the senior management) can be helpful in defining roles. However the difference is not always easy to define.

Governance	Management
Agree/monitor strategy Appoint and manage the CEO Monitor performance Manage governance Offer insight and wisdom	Develop strategy Appoint all staff Support governance Implement board decisions Deliver services / ministry / programme Measure performance

The balance of responsibility between board and management depends on circumstances:

- Where the staff are effective and share common values, board interventions will be limited and it can concentrate on governance
- A strong board with weak or divided management will see the board intervening more and more in matters of detail (often the case in smaller organisations with few staff, but always a challenge since board members are by definition interested in the work itself, not in governance issues)
- A strong management team with a weak board leads to long-term risk, as management will not be held accountable. They will be less likely to be subjected to the kind of rigorous challenge that leads to good-quality decisions. Staff can begin to predominate over other stakeholders, leaving the organisation less fit to achieve its primary purpose
- Weak board and weak staff = an organisation in big trouble. Neither is able to resolve the problems an organisation faces. A declining reputation makes it difficult to attract new high-quality staff or trustees, leading to a downward spiral of further deterioration. Only a competent new CEO, a dedicated chair, and outside consultancy expertise is likely to rescue such an organisation.

Making the chair-CEO relationship work

This relationship is often key to the success of an organisation, and when the relationship breaks down, it leads to interminable conflict and problems.

A good relationship ensures both board and staff are given good leadership, whereas a weak link often leads to confusion over respective roles.

There is no clear dividing line between the roles of the chair and CEO. Either can represent the organisation, either can play a greater role in managing the board. The best partnerships are based on recognising respective strengths and allowing each to play to them, with clear agreement on areas of overlap.

Time should be spent investing in the relationship:

- Meet regularly
- Talk openly
- Agree mutual expectations
- Plan the board's annual programme together
- Prepare for meetings together

Research into board effectiveness

Much research has been done into the roles and structures of different boards, to try to identify any correlation with the effectiveness of the organisations they govern.

Results from the USA suggest the following:

- The proportion of business people on a board is not significantly related to organisational performance, or it has a negative correlation
- There is a positive relationship between board involvement in strategic planning and the organisation's performance
- Organisations are more effective if board members feel informed about their responsibilities and duties
- CEOs who emphasise working with and through their board are more likely to be seen as more effective
- Different board structures account for only a small variation in performance
- Boards are largely risk-averse and tend to play a limiting role, as guardians or trustees rather than entrepreneurs or risk-takers