

Good Governance - an overview of the typical governance issues relating to local food community enterprises

A consensus workshop facilitated by Mark Simmonds (Co-operativesUK as part of the Making Local Food Work project) on November 11th 2009.

Attendees:

Name	Organisation
Ruth Hepworth	Garden Organic
Bonnie Hewson	Transition Town Brixton (soon - Soil Association)
Scott Hignett	Big Lottery Fund
Alison McNeill	Rejuiceinator
Lisa Nunn	Soil Association
Gareth Roberts	Meersbrook and Heeley CSA project
Heather Rostron	Transition Porter Valley CSA
Rebecca Unsworth	Plunkett Foundation

Question: What strategies should an organisation adopt to avoid the typical governance problems encountered by Local Food Community Enterprises?

What we did:

Participants in the 1.25 hour workshop were asked to list typical governance issues they had encountered within their work with local food community enterprises. As a group, we came up with 14 different typical governance issues.

The group split into groups, each group being asked to suggest strategies to avoid the governance issues. Each group had 4 issues.

The solutions were put up on the sticky wall below the relevant governance issue. We then discussed the solutions/strategies and their application.

The problems are listed and expanded below, together with the strategies suggested by the delegates to avoid the problem:

Mistakes at start-up

Many governance problems listed below have their roots in mistakes made at start-up. In the excitement of creating the organisation, or the rush to submit a funding application, the process is often poorly planned and decisions are made which hamstring the future progress of the organisation.

Suggested strategies:

- ◆ Clear mission/constitution
 - ◆ Keep clear records of discussions and decisions
 - ◆ Thrashing it out - no excuses!
 - ◆ Ensure commonality of purpose
 - ◆ Clarity of roles
 - ◆ Clear communication
 - ◆ Training and learning from others
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Inflexible structures and systems

The decision as to which structure to adopt often stalls the development of the organisation. This is a reflection of both the complexity of the choices available and the importance of making the correct decision. Organisations often set up with inappropriate structures, which limit what they can do or even prevent access to sources of funding which they had intended to use. Conversely it is equally possible to create an organisation, which whilst is attractive to funders, is inappropriate for the aims and aspirations of the members.

The applicability, suitability and use of charitable status are often poorly understood in relation to the organisation's objectives and legal structure.

Even when organisations are set up with appropriate structures, there are often misconceptions and ignorance amongst members, staff, committee members etc. as to what the structure is and the implications thereof.

Suggested strategies:

- ◆ Right person in the right role
 - ◆ Clear governing documents
 - ◆ Clarity of mission
 - ◆ Reviews and evaluation
 - ◆ Use outside bodies for advice
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Poor clarity of roles

This category concerns the dangers of a lack of written policies, for instance grievance, disciplinary, member agreements, job descriptions etc. People don't know where they stand and the limit of their roles and responsibilities. Where there is such a situation, there is a tendency for unspoken rules and custom and practice fill the vacuum, leading to further confusion. Different people within the organisation operate different systems and new people are confused and disheartened.

In a flat non-hierarchical organisation roles and responsibilities are harder to define than in a more traditional hierarchical organisation. Responsibility is often shared and there is then a tendency for individuals failing to take responsibility, as they know others will take up the slack. There is also a tendency to try and involve the entire organisation in decision-making. Whilst this is fine in a small organisation, there comes a point when as an organisation grows, some decision-making must be delegated.

Suggested strategies:

- ◆ Have thorough inductions
 - ◆ Reviews and evaluation
 - ◆ Good structures
 - ◆ Clear and open communication
 - ◆ Job descriptions
 - ◆ Clear governing documents
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Cannot recruit to governing body

This issue is closely related to the ineffective meetings problem (see later) - who wants to take part in a democratic process that they perceive as inefficient or a stressful and large additional workload. Potential board members may also be unsure of exactly what it entails to be a board member.

Poor recruitment can lead to founder syndrome (see later), as existing board members are forced to remain in position. The board can also become distant from the membership and less accountable as a result.

Suggested strategies:

- ◆ Mentoring and follow-up
 - ◆ Succession planning
 - ◆ Transparency
 - ◆ Challenge negative perceptions - rewards with responsibility
 - ◆ Advertise as job with description
 - ◆ Raise awareness amongst members
 - ◆ Head hunting
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Poor accountability to stakeholders

When the governing body do not represent the membership effectively and/or the membership have little or no idea what the governing body is doing in their name and how they are arriving at their decisions, this can lead to a “them and us” perception with all the associated knock-on effects.

Suggested strategies:

- ◆ Write stakeholder communication into roles
 - ◆ Stakeholder mapping
 - ◆ Annual reports and newsletters
 - ◆ Review/revise governing docs to ensure accountability
 - ◆ Create feedback mechanisms
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Poorly informed and trained governing body

This category is primarily about the governing body of the organisation not having the skills to carry out the strategic management role required of it. The governing body members should have a basic level of financial and business acumen in order to be able to scrutinise financial reports and determine whether the organisation is on course and compliant with relevant legislation. There should be a range of skills on the governing body.

Suggested strategies:

- ◆ Have thorough inductions
 - ◆ Bring in external people
 - ◆ Attend training days, conferences etc.
 - ◆ Create the means to share info. on training etc.
 - ◆ Stay in touch with wider networks
 - ◆ Build partnerships with supporting bodies
 - ◆ Map out your support/help network
 - ◆ Have a board skills audit
 - ◆ Inductions
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Poorly performing governing body

This is a common governance problem, closely related to the Founder Syndrome issue listed below - The governing body is unfit for purpose, poorly informed, doesn't contain people with the right balance of skills. Unfortunately as it is ineffective, the governing body will find it difficult to recognise the organisation's predicament and resolve the problem.

The running of the business can also become so time-consuming that the strategic overview gets lost. As well as time constraints, there may be confusion with regard to roles - the governing body are unclear as to their responsibilities.

Suggested strategies:

- ◆ Hold open meetings with opportunity to criticise/praise
 - ◆ Establish hand-over procedures/exit strategies
 - ◆ Operate Chatham House rule
 - ◆ External auditing procedures
 - ◆ Hold group therapy sessions
 - ◆ Facilitated sessions to address problems
 - ◆ Recognise problems/reward achievement
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Poor membership participation

Member apathy is, by default, a problem for any member-based organisation and also a threat to its continued existence.

It arises in two main ways:

1. Poor governance (as detailed in the issues above) leads to a disempowered and undervalued membership who may continue to receive any membership benefits, but disengages from any democratic involvement with the organisation- leaving the governing body to soldier on alone.
2. During the initial set-up a democratic organisation based on membership participation is created for altruistic reasons, which in practice fails because the members join for the benefits but have no interest in controlling the organisation or for other reasons lack of time/geographical distance from meetings are unable to participate.

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Ineffective meetings

Meetings which are too long, are indecisive, or leave attendees feeling that they have not had their say, are very disempowering. As well as reducing the efficiency of the organisation at that meeting and resulting in poor planning and decision-making, they also make attendance at future meetings less likely.

Poor attendance can also mean that meetings are inquorate and unable to take legitimate decisions.

Suggested strategies:

- ◆ Good facilitation
 - ◆ Balance between formal/informality
 - ◆ Specific timed agendas circulated in advance
 - ◆ Agree ground rules for meeting conduct
 - ◆ Meeting feedback and evaluation eg questionnaire
 - ◆ Give consideration to venue, timings, catering etc.
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Mission drift

You often find that an organisation's mission and activities are not reflected in its aims and objectives as defined in its governing document. In some cases the organisation is acting outside of its powers, with possible legal ramifications and is open to challenge to decisions made in the past.

Many members of membership-based organisations are ignorant of the structure of their organisation and may never even have seen the governing document.

In addition it will be necessary to review the organisation as it and its environment grows and evolves. Legislation also changes and may need to be reflected in the governing document.

Suggested strategies:

- ◆ Have a song to sing
 - ◆ Change the mission
 - ◆ Regular trips/activities to reinforce mission/goal
 - ◆ Retirement cycles for governing body
 - ◆ Before project sign-off check against organisational objectives
 - ◆ Regularly review progress & direction eg at AGMs
 - ◆ Regular reiteration of mission - keep communicating
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Founder syndrome

This issue is closely related to the previous “poor performing governing body” issue.

Often the governing body has long-standing members who are, or are perceived to be, entrenched and hold a great deal of influence. This “founder syndrome” as it is known may also be the result of the unwillingness of newer members to get involved, especially if they perceive that the existing members of the governing body don’t need their help.

All the above contributes to the poor change management - the organisation can maybe cope with standing still but cannot plan for and manage change.

Suggested strategies:

- ◆ Meet and greet new members
 - ◆ Create a culture of valuing and respecting founders
 - ◆ Retirement cycles
 - ◆ Founders write history of group for newcomers
 - ◆ Create culture of valuing contributions from newcomers
 - ◆ Regular review of strategy & direction
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Conflict

Difficult one this. Decisions often get made by groups of people on the basis that they are the least controversial, generating the least amount of conflict, rather than they are the most appropriate course of action. It may be that conflict can be positive and a catalyst for innovative thinking. The key to any conflict resolution is trying to put yourself in the position of the “opponent” in the conflict and this is no bad way of working in committee in general.

Suggested strategies:

Non-ownership of ideas

Create a culture where disagreement is OK

Conflict resolution training

Identify the issue - move to dedicated/facilitated meeting

Bring in an external mediator

Two minute silence when things get heated

Have a conflict of interest policy

Hidden/personal agendas

Closely linked with ineffective meetings, members of the governing body push their own personal agendas, or unable to accept decisions which conflict with their own interests and/or point of view. Whilst it is important that members of a governing body articulate their point of view and even opposition to a course of action, the strategies below will ensure that this does not become a problem.

- ◆ Stop/remove the member using grievance/disciplinary provisions
 - ◆ Stop - use conflict policy
 - ◆ If against ethos, identify & stop somehow
 - ◆ Acknowledge and accept if not affecting the organisation
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Poor communication

This issue is either the cause or major contributory factor in most of the other governance issues. Members of the organisation feel a lack of commitment due to poor communication - they don't know what's going on as a result and feel undervalued and less likely to get involved. This is another one of those issues that can self-reinforce, poor communication leads to even poorer communication.

Poor meetings result in poor or no decision-making and again contribute to disillusionment of members with the organisation. One common cause of poor meetings is the dominance of some people over the meeting, with the corresponding lack of involvement of others. Is it worth going to a meeting where your opinions are not valued and others have more power?

- ◆ Telephone (non e-mail) tree - other communication
 - ◆ Timely and appropriate
 - ◆ Discussion and consultation between governing body and members
 - ◆ Regular open meetings for two-way communication
 - ◆ Written communication - eg newsletters
 - ◆ Use a variety of communication method
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Some Common themes

Documentation and written policies - have them, review them and communicate them.

Communication and openness - do it and believe in it.

Clarity of common purpose - have it and review it.

Skills of board - address them, review them.

Training and Induction - for all.

Review and revisit all aspects of governance - do it.

Willingness to change - have it.

Fun, and not least

Co-operation.