

Annual Conference 2007

Workshop G: A Social Firm Needs the Right Board – Top Tips

Speakers:

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This workshop had a lively debate on the issues; what is needed; what should be done and what to bear in mind; in seeking to have a Board that meets the needs of a Social Firm or an emerging Social Firm. The ideas and thoughts shown below (many of which come from the Social Enterprise research into Governance currently being undertaken by Mike and his colleagues) include those discussed at the workshop.

Business Sustainability

The cautionary tale, “The Good Ship Strategy” (shown at the end of this paper) was well received with delegates agreeing that often insufficient attention is given at both Board and Managerial level to planning and working to sustain the business.

Challenges

Preliminary research in governance in Social Enterprise indicates that some of the challenges with which Social Firms are grappling are:

- A need for a mix of business and social skills with the former being harder to obtain;
- Financial control skills
- Getting organisational structure right
- Getting right board composition
- Moving away from a pure charity culture
- Risk averse boards
- Re recruiting boards is important
- People with [certain] disabilities on the boards can create particular challenges
- Contracts with Local Authorities which run at a loss
- In a few cases boards have paid directors and have been assertive – but this can feel against ‘what is expected.’
- Training for trustees and board roles

Classic themes around governance in the third sector (based on a forthcoming paper, Governance by Cornforth, C; Spear, R & Aiken, M (2007) Open University).

Board recruitment is often difficult.

There are often problems around 'recruiting/electing' people with the right skills and experience. The workshop particularly identified marketing as an expertise that is commonly lacking.

Board roles may be confused.

It may be problematic for the board to fulfil some roles. Examples are:

- safeguarding values and mission;
- shaping strategy;
- risk assessment;
- ensuring effective performance;
- ensuring board operates in responsible and accountable manner;
- maintaining an effective board;
- compliance with external (government) demands and measures.

Managing relationships

- The board/management relationship is not always successful - boards can become a rubber stamp or conversely interfere too much. Personalities and a breakdown in relationships can be due to personality clashes – not an easy one to resolve.
- Other relationships cited as sometimes difficult:
 - o Managing relationships with funders (e.g. funders in public contracts) was also cited as a potential problem.
 - o Managing member relations and involvement
 - o Managing the demands of different stakeholders and regulators

Board training and development

Opportunities for board member training and development are often inadequate.

Meeting business and social goals

Tension can arise when Boards (like managers and employees) find it difficult to understand and support the balance between social and business goals.

Ideas to consider

1. Develop a quality mark for boards. (To an extent the quality of the board is a part of the new Star Social Firm standard.)
2. Produce and work to a defined set of expectations.
3. Put a formal selection process in place for new board members.
4. It is recognised that recruiting to boards is very difficult. Some organisations have found that getting an article in the local press, or even a small ad, giving information about the firm and saying that new board members are needed has proved successful.

5. Review the board once a year (at least);
 - Is it still appropriate for what you want to do?
 - Is there a shared clarity of purpose?
 - Does the board have the right combination of the skills that are needed? (Skills analysis)
6. Ensure all new board members are properly inducted and that a relevant (for the person and for the business) training plan is in place. Encourage board members to use CPD (Continuous Professional Practice).
7. Find ways to refresh the Board's thinking.
8. Assist boards to develop the ability to provide the right balance of challenging and supportive behaviour for staff.
9. Ensure there is a clear distinction between the board and management roles.
10. Share expertise – CEO/Manager being on other boards
11. Use the CIC to develop a business approach.
12. Don't underestimate the need for people with marketing skills. Either ensure this is available through your board or that the board is supportive of employing staff with marketing skills.
13. Have an open discussion about paying board members for particular skills they can bring to the business.
14. Discuss looking again at the Social Firm model to ensure all know what this means and can discuss change from a position of knowledge.
15. Have an open discussion with the board on:
 - Safeguarding and promoting the values and mission of the existing organisation and is this different to being a Social Firm?
 - Determining the strategy and structure of the organisation.
16. Explain that the Star Social Firm quality standard is being brought in – emphasize the value in being a part of this.
17. Encourage working with another Social Firm to share expertise and learning

The Good Ship Strategy

A cautionary tale

One day a group of fine upstanding citizens decided to set out on an expedition. They had heard from visitors that had come to their shores, of a land far away where there was no trouble or strife because everyone had sufficient to meet their needs; this was the fabled land of Sustainability.

Being both clever and wise, the citizens had employed a good captain, to help guide them on their journey. The captain brought with him a map, which had been designed by the best map makers in the land. Surely with such a captain and such a map their voyage would be a success and they would find Sustainability.

Now the good captain was both experienced and also wise but he had never heard of Sustainability.

“Where is it?” he asked – “what does it look like?”

None of the citizenry knew the answers to these questions, but they were sure that they would know when they got there, so one fine morning the good ship Strategy set sail for the fabled land of Sustainability.

For day upon day and night upon night the good ship strategy sailed on into the ocean guided by the captain and his map. After a while the crew and passengers started to realise that the captain was getting increasingly worried and eventually the most important citizen asked the captain what was the matter. The captain explained that the map that he had brought with him on the journey was no longer any use as they had passed the last point of reference on it several days earlier and he couldn't get his bearings. The captain suggested that they turn back as it was dangerous to sail into uncharted waters, no matter how glittering the prize.

After a long meeting the citizens reasoned that although they no longer had a map that was any use they had managed to sail for a number of days without it and they were all still alive and no misfortune had befallen them. So the captain bade them farewell and got into the ships longboat to row back to the land from whence they had sailed.

For a while, all was well and although they had passed a number of small islands on their journey the citizenry, who were now steering the ship, felt that to stop at these would be a distraction; it was to be Sustainability or nothing. However after a number of storms, periods of prolonged calm and no

Sustainability in sight, it became clear that the environment couldn't be relied on to get them to their destination. Food and water was getting low and with no map and no captain to guide them the citizenry were starting to get nervous. Some wanted to return to the old country, others wanted to stop at the next port wherever it was and make a new life there, while other still dreamed of Sustainability.

At last after much argument and debate they decided to stop at the next island they came to and take on board fresh provisions. They would be able to think better on a full stomach. A few days later they spied an island in the distance and with a bit of hard work and lots of luck they managed to get to the island and drop anchor. A boarding party went ashore and to their surprise not only was there enough food to feed them all, at least for a couple of days, but the island was also the home of a sea captain.

Now unlike the old captain the new one had never really sailed a large ship before, he was used to sailing smaller boats with just a small crew usually him and one sailor, travelling between islands and trading with whoever he found there. He had never heard of Sustainability except as an old seadogs tale, but he agreed to help them get there. He knew how to navigate and while he didn't have a map that showed Sustainability on it, he was trustworthy and experienced. Soon the good ship Strategy set sail again. The new captain set about drawing a new map as the citizenry requested but by now the points of reference from the original map were out of sight and none of the citizenry had taken any notes about their journey so most of the map would be guess work. Anyways there were now more pressing matters.

The food they had taken onboard was only enough for a few days and if they didn't find land soon they would all starve, so the captain decided to focus on a new course; island hopping. This way the ship would always have enough provisions on board and they could make a note if not a map of all these little islands so that if they ever came this way again they would know where they could get provisions.

While this strategy was keeping the ship afloat and everybody fed, the citizenry were getting nervous. Although many of the islands on which they stopped were interesting and the food they gathered was fresh, they still wanted the certainty that a map and clear destination would give them. They wanted the magical land of Sustainability.

Eventually the new captain tired of their complaints and asked to be let of at the next island. The citizenry were shocked.

"You agreed to take us to Sustainability"

They said,

"You can't leave us now."

But leave them the captain did and to this day the good ship Strategy sails on looking for Sustainability. They stop at island after island, taking on a new captain every now and then, and then setting him off again as they fail to reach the fabled land of their dreams.

In all of this the citizenry never considered that maybe their journey would be a more successful one if they knew where they were going and had bothered to learn how to navigate. If they had made notes of their journey and taken measurements they would have been able to draw their own map. Instead they just drift ever onwards relying on picking up new crew members and the occasional captain and giving them the responsibility of getting them to their destination. Not surprisingly they are constantly disappointed and soon the citizenry started to fall out with each other. Some claimed that one of the islands that they had already visited was Sustainability and that the others were too blind to see, while others claimed that the whole idea of Sustainability was a myth and that there couldn't be a society where everyone had enough. Others just dreamed about the fabled land and trusted to providence and whichever captain was in charge at the time.

The End

Neil Colquhoun, 2007