

Establishing good NGO governance

**How to grow as an effective and successful
non-profit organization**

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***“The road to hell is paved
with good intentions”***

Saint Bernard
of Clairvaux, 1150 a.d.

It's all about the patient. Why bother about governance?

- How are patient organisations created, and by whom?
- What constitutes a good board, and what are typical typologies of boards?
- Managing organic growth, and moving on from an executive board
- Good governance in patient organisations
- The hierarchy of rules
- 10 tips for rules as a good „genetic code“ of a patient organisation

How are patient organisations founded?

Usually, a patient organisation is created by a **small, homogeneous, committed team with personal ties**. Informal processes prevail.

Founding team usually consists of **patients or carers with a mission** to support other patients or prevent them from a similar fate.

Founder = Chair
(and the founding
team)

They soon grow into associations...

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So what is a board?

What is a board?

A board of an non-profit organisation...

- is **legally responsible** for the organization
- represents the **membership**
- sets the **direction** (maintain focus on mission and vision, promotes the values)
- provides the **oversight** (monitors progress and outcomes, ensures compliance with laws)
- ensures and expands **resources** (human, financial)
- extends **outreach** (as advocates for the mission, represent 'big picture')

**plus in young and small organisations without staff,
an EXECUTIVE board: the team that does the work**

Board typologies: The Fire Brigade



Main focus: Getting the job done

- Little role differentiation
 - everyone pitches in to help
- Short-term attention span
- Warding off crisis is biggest victory
- Board member “burn out”

Source: Marilyn Wyatt

Board typologies: The Team



Main focus: purposeful action

- All members expected to contribute actively
- Emphasis on skills, coordination, and task fulfillment
- Depersonalized relationships may drive some members away

Source: Marilyn Wyatt

Board typologies: The Village



Source: Marilyn Wyatt

Main focus: the social process

- Members have known each other forever
 - and act accordingly
- Roles determined by pre-history rather than task at hand
- Institutionalization seen as undesirable
- Inflexibility may result

Board typologies: The Coliseum



Main focus: argumentation

- Special interests, or constituency politics dominate
- Meetings consist of protecting turf and scoring points
- Combative atmosphere leaves some members scarred

Source: Marilyn Wyatt

Board typologies: The Academy



Source: Marilyn Wyatt

Main focus: professional expertise

- Intellectual debate preferred to hands-on decision making
- Advisory function predominates
- Members have little cohesion as a group
- Fragmentation and lack of engagement can result

Board typologies: The Mausoleum



Main focus: social prestige

- Members are present more in name than body
- Main function is to provide visibility
- Minimal sense of purpose
- “Dead wood” often accumulates

Source: Marilyn Wyatt

Board typologies: The One-Man Show



Source: Marilyn Wyatt

Main focus: the inspiring virtuoso

- Charismatic leader seen as vital to survival
- “Guiding spirit” hogs the spotlight and accountability may suffer
- Other members feel like onlookers and may drift away

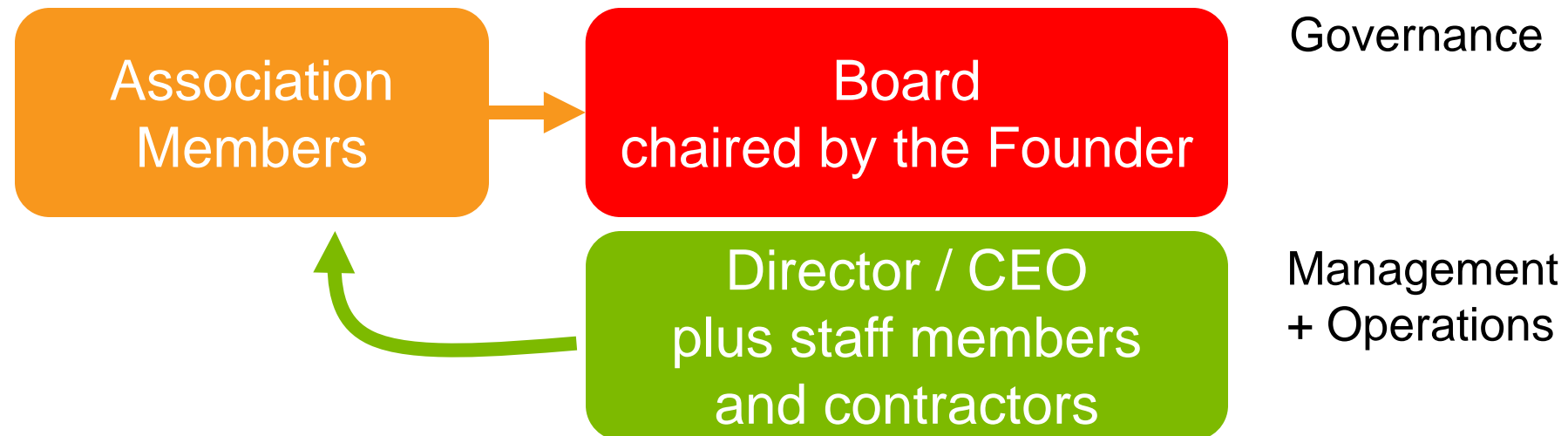
Managing organic growth: Moving on from an executive board with „side effects“

Organic growth: More projects, more patients, more ideas



We're all at the limit of volunteering. We may need staff to grow!

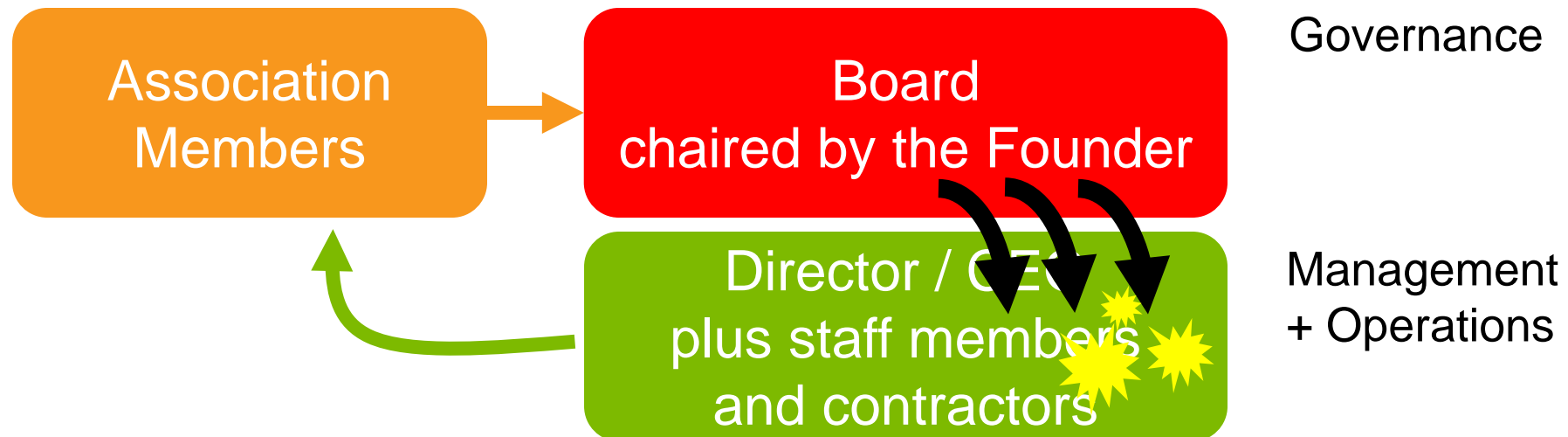
To grow beyond the capacity of a volunteer team, staff and contractors are hired to implement projects



Micromanagement

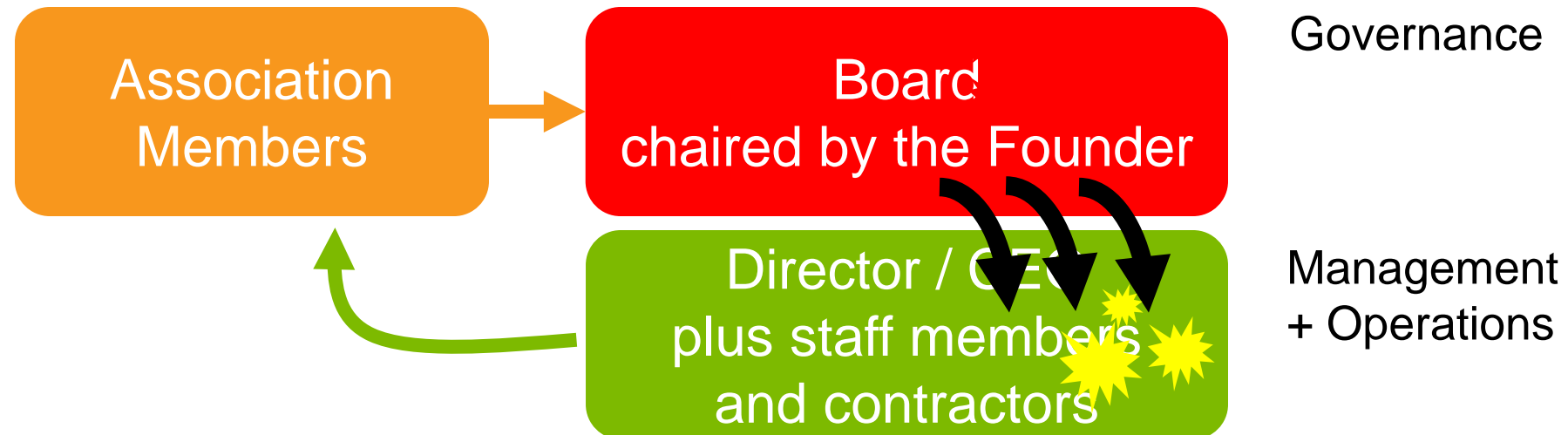
The micromanager monitors and assesses **every step of a business process with attention on details, and avoids delegation of decisions.**

Micromanagers are usually irritated when a subordinate makes decisions without consulting them, even if the decisions are within the subordinate's level of authority.



Founder's Syndrome

- One or more founders maintain disproportionate power and influence following the effective initial establishment, leading to a wide range of problems
- Founder's passion and charisma, initially key in the successful establishment, becomes a limiting and destructive force.
- Limiting further growth and success, risk of division or failure



**It's too late to wait with rules
until the need arises:**

**Define governance rules in good times
to prevent bad times.**

What is Good Governance

Good governance of non-profit organisations is...

- a transparent decision-making process, in which
- the leadership of a non-profit organization,
- in an effective and accountable way,
- directs resources and exercises power
- on the basis of shared values.



Source: Marilyn Wyatt
Handbook of NGO governance

Hierarchy of rules

Legal framework, ethics

Association laws, non-profit criteria,
tax laws, legal liability

- Usually poorly written non-profit laws
- Barely harmonized on international level

Statutes

Legal basis, membership, general
assembly, organs

- Often drafted quickly for an executive board,
not set up for staff, growth and professionalisation
- Difficult to change (AGM, quorum)

Bylaws and policies

(Internal) governances rules,
financial policies,
responsibilities, processes

- Friendship, trust and good times reduce perceived necessity
to define rules
- Leadership of strong individuals that are unfamiliar with
delegation, sharing power and board duties and rules

Cookbook: Governance rules as the „good genetic code“ of a patient organisation

1. Define the role of president, vice president, treasurer, secretary, CEO
2. Pick the right board members
3. Govern collectively, but be responsible individually
4. Write down your governance rules and policies, and follow them consistently:
RACI
 - R = who is **Responsible** when for what
 - A = who is **Accountable** when for what
 - C = who is **Consulted** when and on what
 - I = who is kept **Informed** when and about what
5. Implement checks and balances
6. Conduct well-prepared meetings – and act as a professional
7. Focus on the big picture
8. Define relations with staff and their responsibilities – and delegate
9. Be serious about conflict of interest
10. Evaluate your performance yearly

Conclusion

- **Growth pains are normal** when becoming an adult.
- **Implementing and living good management practice is difficult** in an association where members are affected by a disease.
- **Opinions and emotions make quite a cocktail**, resulting both in strength (sometimes) and chaos (more often).
- **Define your rules for growth in good times to avoid having bad times.**

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Recommended reading:



Marilyn Wyatt, European Center of Non-Profit Law (ECNL). Download:
http://ecnl.org/dindocuments/455_Governance_Handbook.pdf