GOOD GOVERNANCE

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GOOD GOVERNANCE

Governance is about the systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organisation. One of the formal elements of governance that organisations need to have in place is a board of directors. A board is a legal body which is responsible for overseeing the governance of a commercial or social venture. Members of this body can be called trustees, directors, board members, governors or committee members. The all refer to the same thing (School for Social Entrepreneurs, 2019).
In traditional, hierarchical organisations with formal organisational structures, the board of directors is the body that takes most of the strategic and sometimes operational decisions. In more horizontal organisations the strategy, supervision, effectiveness and accountability is much more participatory and happens on the work floor. It is much closer to the operational processes where value is created. In new mentoring initiatives we often see this horizontal approach in the initial years of the organisation. Once they begin to scale up structures become more formal and are instituted more firmly in place. This section deals with a formal structure of governance.

Good governance ensures compliance with law and regulation, that an organisation is well run and that problems are identified early and dealt with appropriately. Depending on the structure and setting of the mentoring programme, there should be either a formal board of directors or an advisory committee that approves programme plans, provides input and feedback on programme decisions, and offers general oversight and leadership to the programme (Garringer et.al., 2015).

Even if you are not legally required to have a board you might decide that having a board will be beneficial to your organisation. One of the main benefits is that it will allow you to recruit people with additional skills and experience to provide guidance and strategic direction for your organisation. It is important to think about the pros and cons before deciding on whether to assemble a board (School for Social Entrepreneurs, 2019).

A board should (School for Social Entrepreneurs, 2019):

- help you decide on your organisational aims and ensure you remain true to this purpose;
- work with you to decide on strategic direction and operational plans,
- ensure you have enough money to fulfil your obligations and that you are spending it wisely,
- check that you follow the law e.g. you prepare your accounts properly and adhere to employment law,
- ensure you meet the conditions you set for yourselves at the beginning (generally written down as the “Memorandum and Articles” at the time your legal structure was set up) and
- help you develop strategy, identify risk and adjust your aims as circumstances change. It is a good practice to have experienced people from a range of backgrounds as board members.

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In particular you should look for people who are:

- genuinely interested in what you are doing,
- supportive of the organisation and what you are trying to achieve,
- objective and able to help you get new perspectives,
- willing to give you access to their expertise, contacts and wisdom,
- able to critique and challenge you in a way that helps you grow.

The board is not set in stone, and as the enterprise grows and changes you will need to change the composition of the board to meet new challenges and bring in fresh ideas, experience and expertise (Mola, 2019). What you need should be determined by undertaking a skills audit of your board on a regular basis. Review whether existing skills and expertise are sufficient to meet the anticipated growth, needs and challenges of the enterprise over the next year. As you grow and your organisation becomes more complex. As a consequence it may be necessary to increase the size of your board so that it can reflect the necessary range of skills and expertise (Mola, 2019). Expertise in scaling the organisation or scaling impact, for instance, might be considerably relevant to add. It may also be worth considering inviting new board members who bring credibility with stakeholders and funders rather than those who fill a particular skills gap. This could include recruitment from the local community, beneficiary groups, employees and local politicians. All mentoring initiatives that we consider sustainable or highly likely to become sustainable have a formal board of directors or a non-formal advisory committee. These committees/boards comprise members who have significant expertise in conducting business and can open up their network in case the need for new funding arises. They can also offer support and advice, working, as it were, as mentors for the funders of the mentoring-to-work initiative. The latter is created by stakeholders for different perspectives and feedback on the mentoring programme. For instance, in mentoring for youth programmes the advisory board often includes youngsters and volunteers. However, in mentoring-to-work programmes for refugees we didn't come across any mentoring programmes that involve former mentors and mentees in their advisory committees. Such a platform is highly recommended as the feedback from former participants can help strengthen the design of the mentoring programme. It might even be useful and effective to evaluate, build and co-create the programme together.
The composition of the board of directors of mentoring-to-work organisations is very diverse and also depends on the legislation of the country and on the company form one chooses. Some of the mentoring organisations have a small board with only the funders as members (e.g. DUO for a JOB, Connect2Work) or with the funders and a few experts (e.g. Mittliv). Other mentoring organisations choose a large and diverse board and some even have honorary board members (e.g. NQT). Nos Quartiers ont des talents (NQT) has developed an ecosystem out of a broad and diverse partnership which reflects diversity and is able to mobilise financial resources. Hence, NQT has an active board with members who can be divided into 5 sections: Enterprises (includes representatives of multinationals); Local authorities; Institutions of Higher Education; Young Graduates and a section of other active members. Hence, it is not always necessary to have a board of directors with a lot of members, but

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you do need a network of experts and stakeholders that support you and whom you can consult. You need an effective board that is agile, knows how to value diversity and have constructive conversations, and knows how to make effective decisions in the short term that support a sustainable future. Board conflict can be disabling for an organisation and disastrous for its prospects. So ensure that technical skills and experience on the board are balanced with soft skills such as social and communication skills (Mola, 2019).

Mola (2019) describes what a recruitment procedure for new board members might look like. Once you know what you are looking for, document it in a 'job description', setting out roles and responsibilities, time commitment and pay, if any. Recruiting new board members may be done in a number of ways. It could be done informally through word of mouth and tapping into networks. Or you may come across potential board members that you feel will meet your requirements through your day-to-day work. You can also advertise board member vacancies on your web site and in newsletters. When you meet someone whom you believe may be a good recruit, try to get them interested in your business, keep in touch with them, ask about their background and experience to find out their whether they have the skills that you are looking for as well as the commitment to your values. When the time is appropriate you can then approach the individual with a position on the board. New recruits need to be inducted in the enterprise's vision, mission and values. They will also need to understand the legal implications of being a board member, which can be onerous. Ensure that you have contracts in place and, importantly, practical mechanisms for letting go of board members who are not effective, don't contribute or have outlived their usefulness. It is generally regarded as a good governance practice to give (non-executive) board members limited time contracts, for example a maximum contract of three years, which can be renewed only once. Garringer (2005) adds in the appendix of a paper concerning sustainability planning and resource development for youth mentoring programmes more instruments that might be relevant for your mentoring initiative, such as a Board Self-Assessment checklist, a Board Member Resource Commitment Form, Board Member Code of conduct.

Sometimes, especially when your mentoring initiative grows, shows good results and has a high social impact, (impact) investors might want to take a seat in the board of your mentoring organisation. As said earlier mentoring initiatives have very different policies concerning that topic. There are several options to take: being a member in the board, being part of an advisory board, having transparent reporting meetings which give a clear insight in how the means are used and what the impact is of their investment in your mentoring initiative. Most of the mentoring initiatives we encountered chose the latter two options, also because they are funded by a range of funders. Mola (2019) describes the reasons why investors want to be part of the board. Earlier on in the life of the organisation, it could be that the investor is sufficiently impressed by the enterprise to invest their time as well as their money in the start-up. This is quite often the case with angel investors. They bring money, expertise and their contacts with them. By becoming a member of the board, they can safeguard their investment from a more insider perspective. As organisations (and investments) become larger, a similar decision will be taken by an investor to provide a level of security in relation to a substantial investment. Grant funding organisations may sometimes seek a board position either to help ensure that the enterprise utilises the grant correctly or else because the grantor is impressed

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with the enterprise and wants to contribute more to it than just the monetary investment. In general, grant-maker representation on social enterprise boards is not that common (Mola, 2019). It is relevant when your mentoring initiatives has an outlook to grow and scaling up, to have a clear vision on how you will engage your funders in your formal governance and what other processes for accountability you can develop. What does your governance look like today? And what are the challenges you foresee for the future?

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HOW TO TOOLBOX

Good governance [6] - The board of directors

Are the legal requirements of the board fulfilled?	yes ☐ - no ☐
Are the individual responsibilities and the role of the board members clear and understood by all members?	yes ☐ - no ☐
Does the board work in accordance with the mission and vision of the mentoring-to-work initiative?	yes ☐ - no ☐
Is there a reasonable mix of competencies in the board of directors? E.g. specific competences like judicial, financial, affection and relevant experience with the target group, ... And general competences like strategic thinking, networking, connecting, ...	yes ☐ - no ☐
Are the duties, powers and responsibilities of the board members and the management clearly defined and described?	yes ☐ - no ☐
Are the agreements between the board and the general assembly, and the day-to-day administration clear enough?	yes ☐ - no ☐
Is the information about financial health transparent enough for the board members? Can the board of directors make short and long-term decisions based on the information available?	yes ☐ - no ☐
Does your board review and endorse policies and procedures related to risk management?	yes ☐ - no ☐
Is the board kept informed with reports on resource planning and capacity?	yes ☐ - no ☐
Is the board kept informed with accurate information about the performance of the organisation and its social impact?	yes ☐ - no ☐

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Does the board have an active stakeholder policy?	yes ☐ - no ☐
Have the mission and vision been shared with the organisation and stakeholders?	yes ☐ - no ☐
Are meetings conducted in a constructive atmosphere?	yes ☐ - no ☐
Does the board evaluate its performance regularly (e.g. annually)?	yes ☐ - no ☐
Does the board meet regularly and is it well prepared?	yes ☐ - no ☐
Are the board members acting from a position of independence? Are they able to think without restrictions about the future of the mentoring-to-work initiative?	yes ☐ - no ☐
Does the board have in place any procedures related to conflicts of interest?	yes ☐ - no ☐
Is a code of conduct in place and are the values clear for all the board members? Is this also systematically provided to new members?	yes ☐ - no ☐

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Stepping stones for wiser action

What are the key learnings?

What are the actions to take?

Who is responsible?

What is the deadline for the first step?

Who will notice the difference?

How will we notice and evaluate the difference?

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