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Challenges in Contemporary Governance

Looking through a shared lens

Explorations: Strategic leadership

Caroline Copeman, Centre for Charity Effectiveness (CCE)

[Centre for Charity Effectiveness]

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Inspiring transformation within the nonprofit sector.

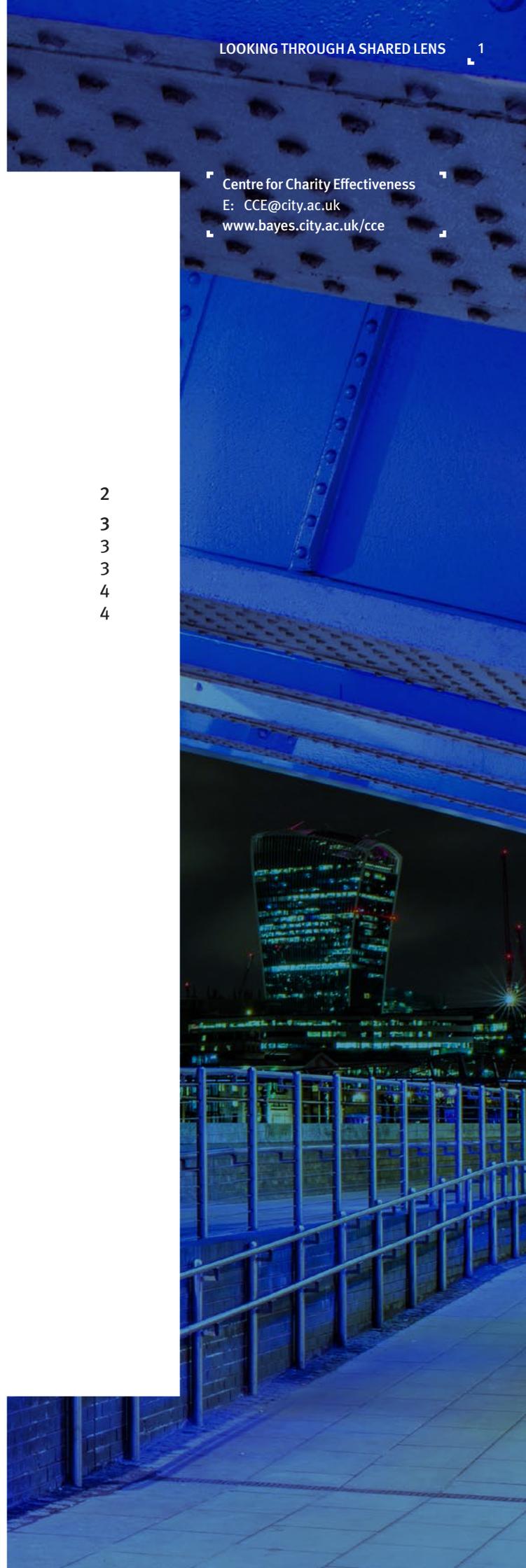
The vision of the Centre for Charity Effectiveness (CCE) is that of a nonprofit sector leading positive social change. We support the sector to achieve this through the services that we deliver: education, knowledge sharing, research and independent consultancy advice. As one of Bayes Business School's centres of excellence, impactful knowledge exchange has been at the heart of what we do since our inception over 20 years ago.

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Centre for Charity Effectiveness
E: CCE@city.ac.uk
www.bayes.city.ac.uk/cce



Introduction

Why did the Centre for Charity Effectiveness (CCE) decide to launch the *Challenges in Contemporary Governance* pilot series? Based on our wide experience of working with charity and nonprofit boards, we believed that creating a space for Chairs and Chief Executives to work together and with other pairs, in a safe, creative and discrete environment, could be invaluable in terms of creating knowledge; and this has certainly proved to be the case. We aimed to stimulate explorations of how Boards are addressing and responding to challenges in contemporary governance, with a particular focus on the big questions where challenge or wise counsel from experienced leaders would stimulate fresh or clearer thinking. What distinguished these explorations from other discussions about governance is that they were aimed specifically at the Chair/CE as a pair.

The following is a summary of one of the five explorations that made up the *Challenges in Contemporary Governance* series. CCE is publishing summaries of each of these explorations as standalone short reports, together with a sixth report detailing further themes and insights gathered from the series as whole. These will be made available on the Centre for Charity Effectiveness website from November 2020, culminating in the

publication of CCE's full report on the series as a whole in early December 2020.

The full '*Looking through a lens*' report includes all six exploration summaries together with an introduction by the series hosts, Professor Lynne Berry CBE and Alex Skales, Director of the Centre for Charity Effectiveness, and more information about additional related resources on the themes discussed.

STRUCTURE

In this exploration, the discussion topic as set out by the presenter has been summarised as **The Challenge**; a summary of the discussion has been provided under **Chair/CE insights and ideas** using both direct quotes from participants and notes made at the time; **Emerging questions** have been cited; and **Connections with other initiatives and resources** made.

Throughout the discussion series, topics were set either by the Chair of the series, Professor Lynne Berry CBE, or by Chair/CE members. Participants were provided with an advance outline of the topic as context for discussion, though discussions themselves tended often to range in directions that most interested participants on the day. Inevitably the discussions at each session often raised more questions than they answered, but this in itself is stimulating and thought provoking, and will lead to more opportunities for learning. The Chatham House rule¹ applied during all the discussions; this exploration has been written up so as to preserve anonymity whilst still sharing the insights from these sector thought leaders.

1. When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

Explorations: Strategic leadership

THE CHALLENGE

This challenge was set by two Chair/CE participants in the discussion series. Their topic brief suggested that, in our wish to steal ideas and concepts from other sectors, it could be argued that our sector has a bit of an inferiority complex.

In the past our leadership has reflected this. The Chair/CE pair asserted that in the 1980s/1990s the sector was replete with CEs who had come to the sector at the end of successful military, private or public sector careers. We did not grow - or value - 'our own'. And the same is still true, to some extent, in our Boards. Adverts for large charities still often seem to value networks and access to high value individuals first and skills second, with private or public sector experience prized and sought most. This perhaps stems from a traditional view of charity our Victorian forbears would recognise – those who *have* 'putting back' for those who *haven't*.

With this leadership has come a lexicon drawn from outside the sector particularly in our approach to strategy – so we talk of growth and reach (market share and penetration); return on our endowments or fund raising (return on investment); scale and efficiency (mergers and acquisitions); key performance indicators (hard quantifiable data).

Some of the larger charities unashamedly seem to pursue growth as a desirable end in itself, whereas we recognise that being larger isn't ever going to be the answer to the issues we seek to address. Our

way requires a very different approach to strategy and a much more nuanced approach to how we assess impact. Reach, for example, remains key but against an understanding that more may be reached indirectly than directly. Relations with the public and private sectors remain valued but as much to influence their behaviour and actions as to secure resources. Collaboration around common cause should be sought over competition against contracting competitors. Societal mission and purpose should be sought before organisational prestige and power. Interestingly, seen in this light the strategy challenge in the sector is far more interesting, and far less straightforward, than that of our private and public sector peers.

However, this more nuanced approach begs fundamental questions for:

- **The nature of leadership** – at Board and CE level. It requires a different set of soft and hard skills. Less General: more Diplomat. Less heroism: more humility.
- **The nature of the discourse and language around strategy**

The group was asked to discuss whether they agree with this view and to consider what it means for us as organisations and leaders?

- What are the leadership traits we need in Boards and CEs?
- How do we secure them?
- And how do we ensure our Boards and governance and management structures are properly connected to the needs of those we exist to serve (noting the current criticisms of the sector's

governance and leadership on diversity (see #CharitySoWhite; Voice4Change England and ACEVO's Home Truths). And if we see ourselves as system leaders/influencers:

- What is our role as leading charities and in creating a new lexicon and discourse on the unique and differentiating strategic role of charities?
- And where and who else might we look to and learn from?

CHAIR/CE INSIGHTS AND IDEAS

What are the leadership traits we need?:

'Soft' skills

- In recent chair recruitment some have sought 'soft skills': reinforce the Values; respecting others; being a great person to work with; less hero-ism, more humility; the ability to challenge in a non-aggressive way
- As a leader, seek to be 'in the middle' of people who seek change/want to do good; as a CE, in the middle between the Board leading on strategy and the Executive who are feeding up from the front line
- Being in the middle is about sitting with something, learning, waiting (particularly in a meeting) and devising solutions from what's there (not reaching for an off the shelf model); being comfortable with complexity
- The best leaders relish holding unresolved tensions and are comfortable with risk

- In recruiting trustees another organisation focusses on traits – how people operate, make connections, synthesise, get things done; have been thinking about how to probe for these traits in interviews
- Schools should be helping to develop soft skills

‘Commercial’ skills

- One view was that management and financial skills are still shockingly underdeveloped in the charity sector
- But how relevant are conversations about competition, market share, a focus on growth; going for numbers can create pressure and an adversarial culture which does nothing to help service users (help people more, not help more people should be the way)

How do we secure them?

- Don’t just think of trusteeship for people at the end of their careers – it’s a fantastic career/development opportunity; think about what skills you could develop as well as bring (and boards should provide an environment where learning and the development of new skills is encouraged)
- Neurodiversity: bringing different perspectives to the table
- Keep skills audit in head when recruiting trustees but with an open mind to anyone who would increase board diversity – we say we want people to open up thinking, but then bring them into a closed environment!
- Use blind recruitment – really diverse – geography, gender, ethnicity

- Most recruitment interviews are conducted in an adversarial way – which favours those who operate well in that environment – perhaps letting candidates have the questions 30 minutes ahead of the interview would be more effective?

How we can shift the leadership language

- Our sector has much to contribute to the lexicon; we should influence by recognising our own leadership model and living it; sell ourselves better in what we do (the age of economics is over; we need more complex models)
- Board composition is an issue – need people who think differently, are properly connected, are diverse, and need to have care with the shift to ‘lived experience’ – a risk associated with having potentially vulnerable people running organisations

EMERGING QUESTIONS

Generative discussion very often leads to the emergence of more questions. These are some that Boards and senior teams might want to consider as part of strategic discussions or team development sessions:

- How can we design a leadership model that is in tune with our Values? What sort of behaviours must we adopt/recruit/develop?
- How do we adjust our strategy language to be in line with our Values and ambitions for impact?

CONNECTIONS WITH OTHER INITIATIVES AND RESOURCES

An interesting article on neurodiversity with helpful links, by Chi Chi Izundu (BBC 2020) ‘Does your company nurture diverse talent?’

Two articles from Harvard Business Review on board diversity and inclusion:

March 2019: When and why diversity improves your board’s performance

June 2020: How diverse is your board really?

New mindsets is a topic explored in a MIT Sloan Management review article (2019) Leadership Mindsets for the New Economy, it outlines four leadership mindsets which chime with the discussions as being much less focussed on leader as hero and much more on collective leadership: Producers (pursue customer value); Investors (pursue Purpose); Connectors (pursue relationships); Explorers (pursue curiosity).

A CCE publication (2014) Bridging the Gap was published as part of the then Lord Mayor’s Leadership Programme in London, aimed at people moving into the charity sector from the corporate sector. Some of the content is out of date, but there is useful thinking about the Ladder of Inference (page 21) in the context of unconscious bias, and a discussion of how differences in culture can create misunderstandings (from page 22).

CCE also have a project on Lived Experience and governance and will post learning from the conversations about what works (and what doesn’t) on the website from November 2020.

DISCLAIMER

While great care has been taken to ensure the accuracy of information contained in this publication, information contained is provided on an 'as is' basis with no guarantees of completeness, accuracy, usefulness, timeliness or of the results obtained from the use of the information and the Centre for Charity Effectiveness accepts no responsibility or liability for any errors or omissions that may occur. The publisher and author make no representation, express or implied with regard to the accuracy of the information contained in this publication. The views expressed in this publication may not necessarily be those of the Centre for Charity Effectiveness. Any action you take upon this information is strictly at your own risk. Specific advice should be sought from professional advisers for specific situations.

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106 Bunhill Row
London EC1Y 8TZ
E: CCE@city.ac.uk
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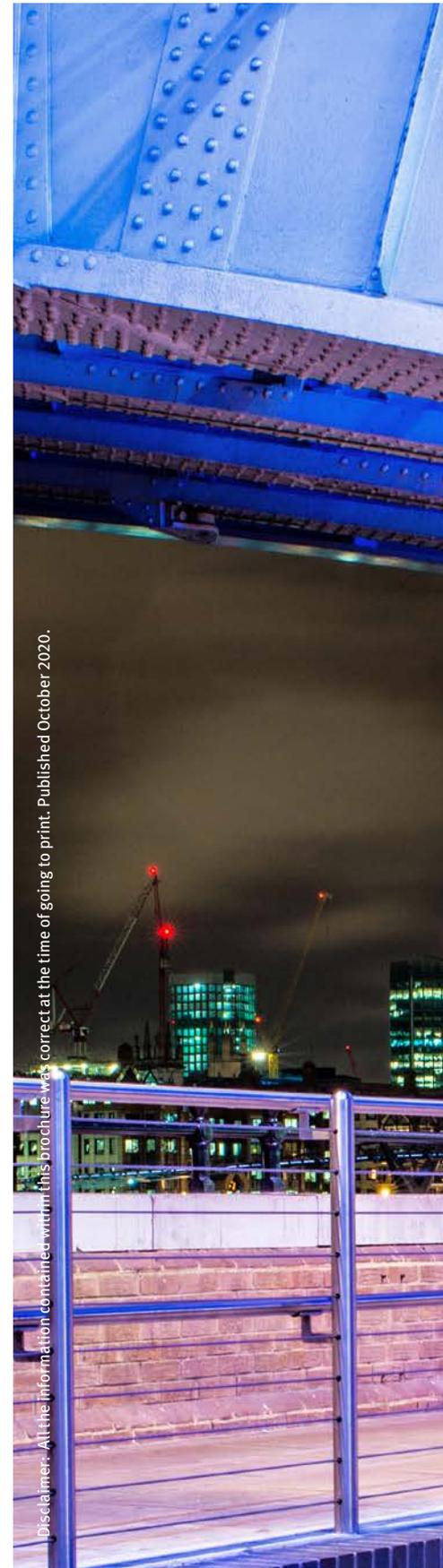
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