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Challenges in Contemporary Governance

Looking through a shared lens

Explorations: Leading in turmoil

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Centre for Charity Effectiveness

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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; the explorations have 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: Leading in turmoil

THE CHALLENGE

This topic was set by the series Chair, Professor Lynne Berry, after a six-month break in proceedings due to the Covid-19 pandemic. Lynne was keen for the group to explore the governance and relational implications of leading an organisation through a period of turmoil and suggested two questions to get the conversation started:

- Has the balance between scrutiny and support changed during this fast moving period and what are the lessons for thinking about risk and opportunity in the future?
- Is this turbulent period a time of retrenchment and repair, of reform and renewal, or one of reimagining?

CHAIR/CE INSIGHTS AND IDEAS

A powerful enduring theme of Trust

- Trust is central to the Chair/CE relationship: an imperative and endorsed as such by all
- The trust that was there has deepened as a result of working together through turmoil (Chair/CE, Board and Executive), supported by a deeper understanding by the Board of what the Executive roles are, the complexities, and the impact turmoil can have on individuals
- Those who have been feeling distressed and not in a good place (CEs) are in that

situation because either trust had not had time to be established pre-pandemic, or it just isn't there at all

Linked with Trust is Confidence

- When the Board and Chair are confident in the Executive there is no tendency to rush in and resolve things; with hindsight, the relationship established prior to the pandemic had to be strong enough to withstand the unexpected as well as the routine
- Understanding of the boundary between the Executive and Board and the way each sits alongside the other is fundamental to ensuring trust and confidence (you need to work at the mechanisms – ‘what works in peace also has to work in war’)
- CEs valued the ‘headspace’ and room to make and execute decisions at fast pace

Linked with Trust is Vulnerability

- The level of trust built through turmoil enabled a wider openness about vulnerabilities
- This was especially apparent when Black Lives Matter caused moments of personal reckoning, leading to questions about ‘my own leadership’; ‘I would not have made myself so vulnerable before Covid-19’

Frameworks and systems provide assurance that reinforce Trust

- ‘If we had not gone through a period of governance renewal prior to the pandemic and put things in place to ensure our governance is fit for purpose, we would not be in the relatively sound position we are in now’

- Strategic renewal including broadening our funding base prior to the pandemic ensured a much more resilient position through the turmoil and beyond
- ‘Our strategy provided a backbone through the crisis’
- ‘We relooked at what governance is for’ and ‘stripped it to the essentials’
- A number established interim assurance frameworks (extra board meetings; small agile decision-making groups made up of committee chairs and the Executive) to enable decision making and assurance at speed
- Some CEs initially saw this as extra work (and it was extra work!) but now also see the added trustee engagement as crucial, both providing opportunity for the Executive to be really clear on rationale and test their assumptions, and to demonstrate that many trustees are extraordinarily committed with a keen focus on risk
- A number see an improvement in meetings practice because of changing practice through the pandemic: better questions in meetings, people checking assumptions, reflecting and shaping their own thinking, levels of engagement improving – with a greater sense of shared leadership
- Nonetheless ‘it’s been a heavy burden and hard work’
- The extra internal ‘management’ focus has been at the expense of building and developing the external role and limited a number ‘when we wanted to be out there with beneficiaries’

You can't get resilience and agility without stable foundations (and turmoil has an accelerator effect – reinforcing the importance of good habits)

- A number have seen a marked shift towards a more agile way of operating that will remain the norm post crisis
- Frameworks such as governance, assurance and the strategy have enabled difficult decisions whilst retaining a focus on purpose – ‘holding us steady’
- A focus on the beneficiary steered people through tough times and provided context for decision making and prioritisation; this has been especially important when making decisions about jobs, and losing valued colleagues that we can't afford to keep

Charting progress through turmoil

- A number used their established strategy and adapted it (dropped some things and gave more focus to others)
- But it remains a challenge to know how well you're doing and what success looks like when you go through turmoil

The role of the Chair to bridge

- ‘Vitaly important to keep all members of the Board feeling included’
- Not to question trust, but to reinforce ‘the need to know the rationale for a range of fundamental decisions’
- The need to both make sure the Executive are given the level of trust they deserve whilst also keeping trustees on board
- The Chair ‘walks the boundary tightrope’ between governance and the executive function

The centrality of great communications

- There were numerous examples supporting the need for regular, quite detailed communications through the turmoil:
 - Some led by the Chair, some by the CE (according to who was seen as best placed given the circumstances)
 - A number used VLOGS and weekly bulletins (streams of consciousness)
 - Others found 1:1s between the Chair and trustees really useful and meant that ‘we made sure trustees were getting what they needed’; these also enabled the Chair to recognise the pressures on trustees who were often pulled in even more directions than usual, by having to juggle the day job, their non-executive/trustee responsibilities and their personal circumstances
 - The extra communications and contact prompted really valuable ‘moments of encouragement’, especially from trustees to the CE
 - Executive team members also communicated more with their opposite numbers and provided opportunity for check and challenge by trustees

The importance of having networks of support

- A number of CEs spoke of the importance of having peer networks:
 - Where you can be really vulnerable
 - It puts things in context – coming to terms with the enormity was a major challenge
 - You can do light benchmarking
- What does peer support for Chairs look like?

People look to us for leadership

- Managing their own anxiety was a real challenge for many staff and volunteers (people dying – colleagues and service users as well as family); people not really understanding what was happening, being ‘filled with uncertainty’ about the nature of the threat to the organisation
- CEs role in providing sense-making, comfort security for staff was mirrored by the Chair holding this for the Board

Reform, renewal and reimagining

- ‘Our focus has very much been on reform and renewal’
- ‘We literally had to stop our dreams’
- ‘We must now get to the point of reimagining’
- ‘We need to shift from an internal to an external focus’
- ‘I have learnt so many lessons: I don't want any more lessons!’
- ‘I've made so many decisions.....’
- ‘We have prioritised within our existing framework, and now need to take the space to understand how we now achieve our purpose best after such huge change: political change, Brexit, Black Lives Matter, policy shifts, completely different attitudes from ministers in this government, and Covid-19 is just one on that list’
- ‘Above all the challenge is the massive increase in need and inequality; it hasn't felt possible to do a proper review of all of this so far’
- ‘Given how society has changed fundamentally to get through this

turmoil, why can't society change properly to address the wider societal issues such as Black Lives Matter, and the biodiversity and climate crises?'

Black Lives Matter

- 'We just have to survive Covid-19 and emerge from it (just deal with it), but the real challenge is to face the realities that BLM have awakened us to – we will be constrained in delivering our objectives until we sort this out'

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 use our learning to redefine what governance is for?
- How can we use our learning to recast what leadership is about?
- How can we normalise/codify how we manage uncertainty?
- How can we have stimulating and idea building conversations with those who aren't like us, and with whom we may vehemently disagree?
- How can a bunch of mainly white, well-educated members of an elite, committed to learning and change, legitimately explore matters of race, diversity, inclusion and exclusion? (And if we don't find a way, how can the power shift as fast and effectively as we want it to?)

CONNECTIONS WITH OTHER INITIATIVES AND RESOURCES

The findings from this exploration echo a July 2020 Centre for Charity Effectiveness series of conversations connected with the 2020 Civil Society Trustee Exchange conference. CCE's short article 'Chair/Chief Executive: working together to build resilience' summarises the findings from another seminar, a series of interviews with Chairs and CEs, and a conference session on the topic. The article explores the role of the Chair and CE in bringing and building resilience in times of turmoil, and links this to the capacity for strategic agility, with reference to leadership and management literature, and includes the following suggestions:

For individuals

- Show vulnerability, be open about how you feel, and seek support
- Think about your propensity to trust and how to build trust in others
- Maintain a sense of reality (however grim it is!)

For the Chair/CE

- Work at the relationship; design it, don't leave it to chance; have stated agreements and role clarity
- Work at the ripple effect, especially across the whole top team: design it

For the wider organisation (everyone)

- Have a shared sense of purpose; use this to 'sense-make'; create safe spaces for dialogue

- Reach out to others and build networks and relationships
- Create habits and routines that aid reflection, encourage learning and insight

In the Chair/CE discussion exploring this topic, a significant theme emerged around the need now to consider the future in light of the response to Covid-19, with many of the questions raised above challenging our sector to reimagine. These RSA Bridges to the future articles provide stimulating ideas and a 2x2 matrix to encourage reimagining.

Working at getting better at foresight through scenario planning always enables better strategic conversation, and this Deloitte blog on Leadership in turbulent times – better foresight, better choices for the Harvard Law School Forum on Corporate Governance provides a framework and some current examples.

Roman Krznaric is on Medium with a prelude to his November 2020 book "The Good Ancestor: How to Think Long Term in a Short-Term World" he encourages us to think about the 'tug of war for time'; this was signposted via the inspiring Rockflower quarterly newsletter.

Adam Groves from The Children's Society is also on Medium and has given an overview of how his organisation has responded to the Coronavirus outbreak, outlining how TCS asks itself some key questions - which could be helpful to many and reinforces the ideas above:

- What are services doing differently to support young people?

- Who influences whether new ways of working are introduced within services, and how?
- How are organisational behaviours and practices changing?
- What do we value? How have our priorities shifted and what are we letting go of?

Finally, throughout this exploration there has been a theme of thinking differently about leadership, and two articles about what successful leaders are doing will stimulate reflection across the top team (the learning doesn't just apply to CEs). In this blog from Boston Consulting Group, CEs reflect on Leadership in perilous times, highlight four practices which resonate with the thinking throughout CCE's Challenges in Contemporary Governance series:

- Purpose guides action
- The future is now
- People first (though we might also say 'beneficiary first')
- Communication demands authenticity

In its Fall 2020 issue, the MIT Sloan Management Review has a series of articles entitled 'Reboot your strategy' that could be of interest to those looking to reimagine, including an article on sense-making as a key leadership capability. For more on sense-making, Karl E Weick has written extensively on the subject and here's a helpful summary.

DISCLAIMER

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