TRUSTEESHIP IN SMALL CHARITIES: PRACTICAL TIPS AND ADVICE

NPC briefing, November 2015

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On 23 November 2015, NPC and The Clothworkers' Company held a seminar exploring the role of trustees in small charities. This report recaps the main themes discussed, and summarises the advice of our speakers.

Speakers

The seminar was chaired by **Dan Corry, Chief Executive of NPC.**

The panellists, listed below, shared their experiences of being trustees in small charities and offered some thoughts on best practice.

- **D'Arcy Myers** (Trustee of the Small Charities Coalition) spoke about the overlap between staff, volunteer, and trustee roles that often occurs in small charities, and some of the challenges and opportunities this presents.
- **Beatrice Hackett** (Chair of Hackney Quest) focused on practical guidance and the importance of strategic thinking for the trustees of small charities.
- **Martin Cheeseman OBE** (Chair of Lift) raised issues of trustee recruitment and retention, and discussed some of the qualities that make for good trustees of small charities.

There was then a roundtable discussion, where delegates discussed common issues they face as trustees of small charities, and this was followed by a question and answer session where the panel offered advice and tips for overcoming these challenges.

Introduction

Being a trustee of a small charity can be an immensely rewarding experience, but it also presents a set of challenges that are distinct from a business environment and from the trusteeship of a larger charity. As Beatrice Hackett observed, it is easy to feel that the problems of being a trustee in a small charity have to be handled alone, but getting advice and sharing best practice can be valuable to understanding how you and your board can tackle these common challenges.

Some guiding principles

While recognising that each small charity is likely to offer a unique set of challenges and opportunities, it is still possible to sketch some underlying principles of good trusteeship in small charities. On the whole, these principles relate to how to carry out successful governance with limited resources, and under a set of overlapping constraints.

Responsibility

Trustees are collectively responsible for every aspect of the organisation. Given that the boards of small charities will themselves be smaller, each trustee has to be active in taking this responsibility. The organisation will be harmed if any trustee makes statements like: 'I'm no good at finance, so I won't get involved'.

However, there are ways for boards to make this responsibility as easy to take on as possible, and the panellists provided some useful practical suggestions. For example, accounts could be colour-coded, with green denoting a 'good' figure, amber an 'acceptable' or 'expected' spend or receipt, and red an overspend that requires discussion. This way, the numbers are easier to make sense of, and trustees can therefore be brought into the financial conversation and encouraged to focus their questions on the issues at hand.

The panellists distinguished between three types of trustee responsibility:

- responsibility for the overall **mission** and strategy of the charity;
- responsibility to for the charity's **finances**; and
- responsibility to **ask questions** about the charity's activities.

Part of the reward of being a trustee in a small charity is the realisation that your contribution is genuinely important, and will impact whether or not the charity achieves its mission. The other side of this coin requires the recognition that, as a trustee, 'the buck stops with you'; you are ultimately responsible for the charity's activities.

Financial responsibility can range from a desire to be involved in the charity's financial conversation to taking training courses on finance for charity trustees (see the Further resources section on page 8).

The responsibility to ask questions is a slightly different one; trustees should question—respectfully—accepted ways of doing things. The assumption as a trustee should always be that your experience and enthusiasm can add value to the organisation.

'There is not always a right answer—but there are the right questions, and it's a trustee's job to ask them.'

Beatrice Hackett, Hackney Quest

Clarity of communication

Within small charities, the importance of clear communication cannot be overstated. There are two key questions to ask: what is your personal communication style as a trustee; and what are you communicating during board meetings? In general, trustees can ask themselves—and ask of others—whether they have a preference for written or verbal communication, details, or overviews. Being aware of everyone's preferences can help avoid talking at cross-purposes and prevent misunderstandings further down the line.

Strategy

Strategy is central to the role of a trustee. Trustees have ultimate responsibility for achieving the charity's overall mission, and therefore for shaping its strategy. The briefing from another seminar in this series, *Developing an effective strategy: An introduction for trustees*[1], was framed on a discussion of how trustees can best create and implement a charity's strategy, and is a useful document for any trustees of small charities who are addressing their organisation's strategy. There, the panellists concluding that an effective strategy must be realistic, measurable, impactful and, above all, in line with the mission of the charity. However, there are pitfalls around strategic thinking in the small charity context, which are explained in the box below.

[1] Weston, A. (2015) *Developing an effective strategy: An introduction for trustees*. New Philanthropy Capital

Three modes of board thinking: Fiduciary, strategic, and generative

Strategic thinking is a crucial responsibility for trustees of a small charity, and so it is important to be clear when, as a board, you are engaging in strategic thinking and when you are not. As Beatrice Hackett explained, there are three main modes of board thinking: fiduciary, strategic, and generative.

- **Fiduciary thinking** concerns legal, financial, regulatory, and technical issues, and is based around making decisions.
- **Strategic thinking** is about the future: going forward, what should the charity aim to do and what is the best way to achieve that aim?
- **Generative thinking** is imaginative thinking that looks to raise new questions and explore entirely new ways of doing things. Generative thinking is typically the least explored by boards, of both small and larger charities.

‘Trustees of small charities can ask themselves: What are we not doing that other boards are?’

Beatrice Hackett

The difference between these three modes of thinking has practical consequences. Board meetings should be structured so as to demarcate clearly between the different modes of thinking. Fiduciary thinking can be best helped by a ‘consent agenda’: a series of clear and well-defined propositions to which the board is asked whether they consent to or not.

Strategic thinking requires a clear understanding of the overall aim of the charity, and can be grounded in theory of change thinking[2] that outlines how that overall aim will be achieved through a series of concrete intermediate steps. Strategic thinking can also involve learning from others and asking the tricky question: what are we not doing that other boards are?

Finally, generative thinking has the potential to provide a blueprint for the future of the organisation—but also, of course, the potential to produce nothing of immediate utility. Trustees therefore have to allocate the right amount of time to each mode of thinking and in the right arena, recognising the importance of each.

Clarity of boundaries

In small charities, the activities of trustees and staff can overlap, so it is crucial for the boundaries between different roles to be well-defined. It must be clear when trustees are acting as trustees and when they are acting as volunteers. However, the panel concurred that, in practice, because in small charities resources are scarce and people often need to ‘muck in’, the lines between roles can become blurred.

The panellists provided a set of useful and vivid methods for making this boundary clear. D’Arcy Myers explained that he has known of charities that take literally the notion of ‘wearing different hats’. Individuals involved in the charity would wear one hat for undertaking their trustee business, and another for voluntary activities. Although it may not be suitable in every situation, it is a possible way of making the separation clear. It also demonstrates that trustees in small charities need to take extra steps (however drastic) to make this distinction clear.

Other trustees ensure that when they are volunteering—perhaps at an event or fundraiser—they wear a t-shirt bearing the charity’s logo, just like the other volunteers, to make their role at the time clear to themselves and to

[2] See Harries, E. *et al* (2014) *Creating your theory of change: NPC’s practical guide.* New Philanthropy Capital.

others. Alternatively, producing papers in a colour-coded format allows everyone around the table to be sure when they are discussing trustee issues or the operational side of the charity, and when they are not.

Enthusiasm

The panellists agreed that trustees of small charities must possess a high degree of enthusiasm. Martin Cheeseman, Chair of Lift, identified trustees who 'just turn up' as a major danger for small charities. The panel also agreed that there is a risk that some trustees will be driven by mainly 'selfish' motives—such as wanting to boast at a dinner party of one's charitable pursuits, or improve a CV—but this sort of person is still likely to bring skills, resources or contacts. Trustees of small charities, then, need to be mindful of how enthusiasm can be tested and managed in new trustees, a set of questions which we explore in more practical detail below.

'You cannot have a trustee who is a passenger or voting fodder.'

Martin Cheeseman, Chair, Lift

Practical issues and tips

Finding high-quality and enthusiastic trustees is one of the most pressing practical questions for the boards of small charities. Managing boards, involving a mix of trustees, and preparing the way for exit is a difficult task. Consequently discussions focused extensively on this topic. Following some excellent—and often difficult—questions from participants, the panellists outlined a set of recommendations for recruiting and managing trustees in a small charity.

Recruitment

Consider the board as a whole and develop an ideal skills mix

While strategy is a responsibility of the whole board, it is useful for individual trustees to have specialist skills. The panel highlighted that trustees have a legal duty to seek out the right advice—if legal or financial advice cannot be provided in-house, the charity will have to pay for it if necessary. For this reason, financial and legal skills are often prioritised, but human resources, fundraising or public relations skills, knowledge of the charity sector, or specialist knowledge—such as of the environment within a conservation charity, for example—were all highlighted as desirable too. If you are clearer about what you want, you will also be able to recruit more widely since it might well be the case that there are potential trustees out there who do not realise the contribution they might be able to make to your organisation.

'There are people waiting to be part of your organisation—it may just be that they don't think they have the qualities you are after.'

D'Arcy Myers, Small Charities Coalition

Explore how development and training can get the best from your board

In order to recruit the best possible trustees, it is important for small charities to be clear on what they can offer to trustees in terms of personal and professional development. This may involve a small amount of leeway for trustees to fundraise for the board's collective professional development, such as attending training courses.

While difficult, it is also important for boards to take self-appraisal seriously. Use of an external facilitator or 360 degree feedback[3] can help the board appraise collectively, rather than individually. Building a culture of up-skilling

[3] See CIPD website: http://www.cipd.co.uk/hr-resources/factsheets/360-degree-feedback.aspx

lessens the risk that anyone takes an appraisal process as a personal attack, instead of as an opportunity for group improvement and development.

Think strategically about where to recruit from

It can be hard for small, lesser known charities to recruit new trustees, so many turn to their close networks for candidates. However, looking for trustees from outside of your immediate network is crucial for improving board diversity—which is an issue for many charities, large or small. Furthermore, trustees from wider networks can bring in new resources both in terms of expertise and also fundraising. The Foundation for Social Improvement[4] and Notum[5] are both great resources for recruiting from beyond the pool of 'usual suspects'.

Exercise caution

Recognising the importance of enthusiasm and commitment to trusteeship, the panel agreed that it is useful to build in a probationary period of perhaps six months for new trustees—even if it is not *called* a 'probation', as this might put off potential trustees. It is important that both the trustee and the charity are able to walk away without ill blood if the relationship is not working out as hoped.

Management

Praise publicly, chastise privately

A common problem raised by attendees was that of managing the difficult behaviour of trustees. It was observed that in small charities in particular, one or two difficult or domineering board members can have a substantial effect on the organisation's work.

Dealing tactfully and carefully with problematic behaviour is key to maintaining high morale and keeping things professional. In general, the board should keep disagreements internal and present a united, positive external front. In reality, it is often likely that the fellow trustees of a small charity will know about any 'ongoing issues'. Yet while it is correct to praise good behaviour publicly, the panel agreed that problems with individuals should be dealt with in isolation to the wider board. Importantly, this tactic keeps the board focused, preserves their morale, and gives the individual(s) in question a chance to develop and grow, and to move on from the problem as rapidly as possible.

'Trustees have a duty to resolve conflict because you can't move forward strategically otherwise.'

Martin Cheeseman, Lift

Think about how to maximise attendance

Patchy attendance at board meetings can be a very real problem for small charities, and a source of annoyance and inefficiency. The panel set out a range of suggestions in this area.

At the outset, an expectation of 100% attendance should be established, while trying to make it as easy as possible for all to attend. Meetings can be set using free online Doodle polls[6] to find the best possible date and time. Meetings can be diarised a year in advance—even if they may well change—to set a norm of attendance. Food should be provided if people are coming after work and breakfast meetings considered too, as this may fit better with trustees who have other commitments in the day or evening.

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[4] The Foundation for Social Improvement website: http://www.thefsi.org/services/

[5] Notum website: http://www.notum.co.uk/

[6] Doodle website: www.doodle.com

While building a culture that promotes attendance, you should also assume that people have got a good reason not to attend. Incorporate Skype for remote attendance where possible, and make use of tools like Google documents[7], which enable collaborative contributions beforehand. This can offset the costs of non-attendance.

Finally, attendance will always be higher if meetings are useful and on time, so circulating an agenda with timings in advance, and having a chair who takes responsibility for holding people to time, will help boost attendance.

The right roles for the right people

Develop honorary positions for founding trustees

Many small charities are created and driven by exceptionally committed and hardworking individuals. However, it is important to prioritise the needs of the organisation over the individuals who set it up. Small charities must have a system of trustee tenure that encourages dynamism.

The panel broadly agreed that a board has to recognise the efforts and skills of founding trustees, while also being able to bring in new ideas and approaches. Possible solutions here involve setting a maximum length of trusteeship; and developing honorary positions or 'ambassadorship' roles for founding trustees who—for a range of possible reasons—have contributed a great deal but may now be getting in the way of further development. Alternatively, a 'trustee emeritus' position might be suitable. It is also worth noting that honorary positions can fulfil a more positive function: they can be a way of not letting good trustees go.

More generally, small charities should think in advance and have coherent succession plans, especially if the board has fixed terms.

Consider the role of patrons carefully

As long as they align with a charity's values, a patron can be a good way to attract attention without having someone potentially unsuitable involved at the board level. If considering a patron, a small charity should have a clear brief on what is expected from the patron, and what you will do for them. Given that it can be difficult for emerging charities to recruit from outside their immediate networks, companies' corporate social responsibility programmes can be a recruitment source worth considering.

Explore shared governance approaches

Some charities group together and 'lend' each other trustees when specific sets of skills are called for, such as human resources experience. For a group of small charities working in the same sector, this can be a valuable way of keeping costs of specialist advice down. If you're struggling with a particular issue and require input from someone with a certain skills base or knowledge area, think about your networks, and who might be an asset as a 'guest' at your trustee meeting.

[7] Google documents website: https://www.google.com/docs/about/

Trusteeship checklist

Many of the event attendees expressed a need for checklist to refer to in order to ensure they are getting the right organisational balance. The following table comes from NPC's *Board matters* report[8], and provides some key questions boards should be asking themselves:

Key question	Subsidiary question
Do we have the resources we need on our board?	• Do we have the right skills? Are they being applied? • Do our board members have enough time to do the job properly? • How diverse are we?
Does every board member understand his/her role and responsibility as a trustee generally?	• Do they understand the contribution expected of them for this charity?
Does the board do what it should?	• Does it ensure compliance with regulation? • Does it try to improve the long term performance of the charity? • Does it, where possible, avoid discussing operational detail?
How good is our induction process?	• Does every board member receive an induction? • Is it comprehensive?
How open and constructive are our relationships?	• What are relationships like among board members? • What is the relationship like between the board and the management team?
Do we have the best governance structure?	• Does the board delegate appropriately? • Does the board benefit from expert advisors where possible? • Does every member of the board understand the basis for all board decisions?
How well-run are board meetings?	• Are they held regularly enough with full attendance? • Are board papers prepared in good time and to high standard, with useful information about the charity's achievements and challenges? • Are all members able to make a full contribution? • Are decisions made collectively?
How well do we plan and manage recruitment and succession?	• Do we use the best recruitment method for finding the type of trustees we are looking for? • Do we have succession plans?
Do we know how well we are doing?	• Do we review our individual performance? • Do we evaluate the performance of the board as a whole?
Are our board processes, decisions and impact transparent to staff and outsiders?	• How do we communicate our impact with others? • What do others say about our board?

[8] From Vernon, B., Stringer, E. (2009) *Board matters: A review of charity trusteeship in the UK.* New Philanthropy Capital.

Final thoughts

Good governance can make or break a charity, particularly small organisations that may be resource poor or less resilient than larger charities. While all charity governance has its stress points, these can be particularly magnified within small organisations. Trustees of small charities must be aware of the issues that can arise, remain vigilant, and seek help when things go wrong. Getting key things right—like trustee recruitment, maintaining clarity of role, and conflict management—can be really rewarding, and can free you up to focus on working towards your organisation's mission, and towards making a real difference your beneficiaries.

Further Resources

Bentley, E. (2013). *Trusteeship in a small charity*. New Philanthropy Capital.

Vernon, B., Stringer, E. (2009) *Board matters: A review of charity trusteeship in the UK.* New Philanthropy Capital.

Weston, A. (2015) *Developing an effective strategy: An introduction for trustees*. New Philanthropy Capital

Vernon, B., Copps, J. (2010) *The little blue book: NPC's guide to charity analysis*. New Philanthropy Capital.

Haysmacintyre—training courses for charity trustees.

Cass Centre for Charity Effectiveness—governance training.

Small Charities Coalition—information and resources for small charities.

Charity Commission—official guidance and 'how to' advice.

NCVO advice on trustee recruitment.

TRANSFORMING THE CHARITY SECTOR

NPC is a charity think tank and consultancy which occupies a unique position at the nexus between charities and funders, helping them achieve the greatest impact. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

Increasing the impact of charities: NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities' money and energy go further, and help them to achieve the greatest impact.

Increasing the impact of funders: NPC's role is to make funders more successful too. We share the passion funders have for helping charities and changing people's lives. We understand their motivations and their objectives, and we know that giving is more rewarding if it achieves the greatest impact it can.

Strengthening the partnership between charities and funders: NPC's mission is also to bring the two sides of the funding equation together, improving understanding and enhancing their combined impact. We can help funders and those they fund to connect and transform the way they work together to achieve their vision.

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