Charity boards in recovery

Effective leadership and decision-making in a crisis

Angelika Love, Tom Gash, Rohati Chapman, Charlotte Lamb

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Contents

Foreword by Dan Corry 3
Introduction: Why leadership matters 4
Charity leaders are facing the toughest decisions many will have ever had to make 4
Decision-making during and beyond the Covid crisis 6
Decision-making has changed during Covid in four domains 6
So how should trustees respond? 9
How to make meetings matter 11
A new rhythm and focus 11
The challenge of going virtual 13
Tips for discussions that lead to good decisions 14
How to create better board papers 21
Share information relevant to decision-making 21
What prevents good board papers? 21
Tips for sharing information effectively 23
How to translate decision into action 27
Many trustees are dissatisfied with follow-through 27
What's stopping effective decision-making? 28
Tips for more effective decision-making 30
How to stay relevant 36
Re-focusing on strategy 36
What's stopping strategic thinking? 36
Tips for getting back to strategy 37
How to keep learning 40
Many boards are reluctant to ask for feedback 40
Internal processes for learning and development 40
Using external support for a fresh view 41
Use validated learning to create incremental change 41
Experts' view on Covid decision-making 43

Foreword by Dan Corry

Charity boards have played a major role in helping their organisations respond and adapt to the Covid-19 crisis. The type and pace of decision making by trustees has had to change—and many of those decisions haven't been easy. As we enter the recovery phase of this crisis and prepare for the future, charity boards and leadership teams will want to make decisions that allow them to seize opportunities, manage risks and embrace change.

At NPC we are always working to share best practice, discuss, and report on new ideas and policies designed to improve governance across the charity sector and hence to improve the impact the sector can achieve. Resources like Above and beyond trusteeship and our Walking the Talk series have drawn on our experience and the insight of trustees to share ways charity boards can make decisions that will maximise impact. Throughout the Covid-19 crisis, governance has been on our minds, from considering what charity trustees should be thinking about as the crisis hit, to how trustees can build resilience through and beyond the crisis.

We are also always on the lookout to expand the set of tools and knowledge the charity sector can draw on to improve and innovate. What better place to look for ways to strengthen decision making by charity boards than looking to decision science itself?

So, NPC have partnered with decision-science consultancy Leapwise, who work mainly with senior public and private sector leaders to support strategic decision-making and build more effective governance and decision-making approaches across organisations. We are working together to explore how decision making by charity boards has changed during the crisis, and to provide support on how to strengthen this for the next chapter. Leapwise were keen to use their expertise in decision science to have a positive social impact. NPC saw this as a great opportunity to widen the sector's toolkit at an important time.

I would like to thank many of our colleagues in the sector who have contributed to this research and to Leapwise for offering their expertise. NPC hope this work will support trustees and leadership teams looking to make better decisions as we rebuild a stronger, more resilient charity sector.

Dan Corry, Chief Executive, NPC

Introduction: Why leadership matters

Charity leaders are facing the toughest decisions many will have ever had to make

There has rarely been a time so challenging for board members, whether executive or non-executive. As we began 2020, back when Covid was blissfully unknown to most of us, charities were already facing up to complex issues including Brexit, economic uncertainty, a narrowing public focus on fewer social issues, and a struggle to keep pace with accelerating technology and changes to how we work.[1]

Covid-19 has multiplied uncertainty and volatility. Changes already underway have accelerated. For many, demand for services has increased, whilst the nightmare of fundraising in a pandemic has thrown many charities into acute financial dilemmas. Uncertainty about what comes next has left many unsure about their medium- to long-term survival.

And yet, despite such a worrying outlook, our research on board decision-making found that serving on the board of a charity continues to bring many trustees a lot of joy.[2] "*Seeing services in action"* and *"leading and learning from interesting individuals who believe in the values of the organisation they serve"* are just two of many reasons trustees give for why they do it.

So, we can be confident that the leaders are there. What matters now is that the right decisions are made for charities and the people they serve.

"This is the moment to take risks. If you are not taking risks when you have a social purpose and the whole of your ecosystem has changed – what the hell are you there for?"

Penny Lawrence, Chair of Refugee Action

[1] Lloyds Bank Foundation (2017). Facing Forward: How small and medium-sized charities can adapt to survive.

[2] Many of our findings are equally relevant to social enterprises and their Boards, but the differing legal responsibilities of Trustees and social enterprise Directors and Non-executive Directors mean that we focus particularly on Trustee Boards.

About this research

To support charities through this time of high-stakes decision-making, NPC partnered with decision-making consultancy Leapwise. Leapwise works with senior leaders to support strategic decision-making and build more effective governance and decision-making approaches across organisations. They wanted to support this work on a pro bono basis to support their social impact. NPC wanted to bring different perspectives and expertise to support the sector.

The Leapwise team interviewed board development experts, chairs and chief executives of medium and large charities in Britain about their approach to decision-making. The team also surveyed 34 executive and non-executive charity Board members on the challenges faced by charity Boards and the effect of the Covid-19 pandemic on charity governance. And they drew on their previous research and experiences around board and senior leadership decision-making. NPC provided detailed input based on their own research and experience, alongside editorial oversight and publication support.

For more on the Leapwise authors of this paper, head to leapwiseadvisory.com/about/our-people/.

Decision-making during and beyond the Covid crisis

Decision-making has changed during Covid in four domains

Good decision-making and governance have always been vital, especially in a crisis. Research in 2016 on charities in financial trouble suggests many seek help too late.[3] Those charities who survived did so, in part, because their boards practiced good governance. They planned ahead, they engaged more, and they sought professional advice.

The unpredictability of Covid makes effective decision-making harder than ever. Boards face existential decisions that they must make quickly amidst a cloud of uncertainty. To prevent a cash-flow crisis, financial decisions are being treated as more pressing. Our research also found some charities are trialling new services faster than they would have done. In this climate of uncertainty and change, some executive teams and boards are actively reforming their decision-making processes, drafting more precise proposals and assessing them with more careful deliberation than before.

This research identified four main domains where boards were making critical decisions in a crisis:

1. Leadership
2. Organisational performance
3. Operating models
4. Decision-making infrastructure

1. Leadership

The Covid-19 pandemic is catalysing changes in charities' leadership.

[3] The Charity Commission (2016). Accounts Monitoring Review: Charities with audit reports identifying they may be in financial difficulty.

- Being a chief executive is stressful at the best of times, and many are now expressing fears of burn-out. While reluctant to leave their organisations in a time of uncertainty, this could accelerate people's decisions to make career changes.
- Some introspective chief executives have come to realise that someone with a different skill set is needed to lead the organisation through its next chapter.
- For many trustees, charity governance is part of a portfolio career. In the current economic climate, some are no longer able to volunteer their time and energy as consistently as before, despite their expertise being most needed. Others are getting more involved in charity work than ever before.

Major changes in charity leadership can make succession planning and recruitment harder. Some boards have halted recruitment altogether. Meanwhile, others are finding that Covid-19 restrictions are contributing to less satisfying onboarding processes, for example, because trustees are unable to join frontline staff to see the charity in action.

2. Organisational performance

Charities have had to pivot fast to deliver their mission through a pandemic.

- As charities move from immediate reaction to a 're-set' stage, boards will be stewarding conversations about what changes should be kept and what needs to be done differently.
- A core responsibility will be to address underperformance, relating to both people and systems, which were previously tolerated while pursuing other goals, but which are now critical.

“Never waste a crisis.”

Chair

3. Organisational operating model

The Covid-19 pandemic is challenging charities to re-think their operating model to better achieve their mission and serve communities and service users.

- CAF reported in April that 23% of charities were refocusing their activities. Such changes may become permanent.

- To continue achieving their mission in a new social and economic environment, some charities will create new services while eliminating others. Some may decide to make online delivery permanent after delivering services virtually during lockdown.
- More fundamental restructuring processes are also on the horizon. During lockdown, 18% of charities surveyed by CAF said they were now collaborating with other organisations. Going forward, charities may be making major decisions on merging and will need more information to do so strategically. NPC's publication Let's talk mission and merger argues that mergers are an extension of collective action, and therefore a means of achieving great impact.

"Covid-19 should be seen by Boards as an opportunity to create the right kind of organisation for their wider social mission."

Board Development Expert

4. Decision-making infrastructure

In many charities, coronavirus has revealed weaknesses that have impeded decision-making for a long time but were never critical enough to be a priority. For example, problems around:

- **Professional relationships** - Including relationships between the board and the executive team; between the chair and the chief executive; and between the chair and other trustees, all of which have a significant bearing on decision-making.
- **Information management** - Including what information is needed to reach high quality decisions; records of the decisions that have been reached; and progress on implementation.
- **Strategic operations** - Including an understanding of medium- and long-term strategic objectives; management of reserves and investments; and appetite for risk within the board and the executive.

Coronavirus is a game-changing moment generating ripe opportunities for chairs and chief executives to think about how decision-making can be improved. Nevertheless, some board development experts interviewed for this research worry that, as the crisis progresses and trustees feel they have created some stability for their organisation, some will begin to disengage from proactive governance again.

This would be a missed opportunity. The decisions that will shape the British charity landscape for decades to come are only now appearing on the horizon.

"I hope boards will get excited again about the recovery phase."

Board Development Expert

So how should trustees respond?

Governance and decision-making systems are undoubtedly feeling the pressure, but this isn't always translating into changes in approach. Capacity is limited, risk-appetite is down, and many boards are already overwhelmed with unfamiliar ways of working.

We therefore focus our advice on small and easy-to-try 'experiments' that have potential to improve the effectiveness of board meetings and decision-making.

We encourage chairs to try some of these tools and to adopt a validated learning approach to test what works for their board. Some of the techniques we suggest are provided by the experts and leaders we spoke to. Others are drawn from decision science and the experience of Leapwise, the decision science consultancy, and from NPC's work with boards and leadership teams across the social sector.

"We are all feeling a bit MS Teams fatigued, especially in large meetings. I would like to learn how to make virtual boards more effective."

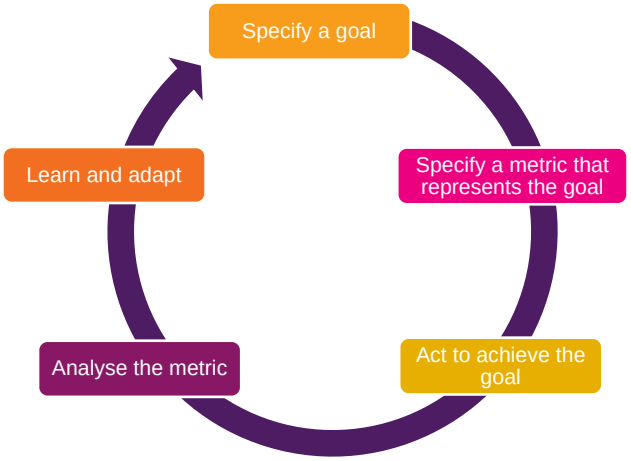
Chief Executive

Validated learning

Validated learning is a technique to bring about change through often small and low-risk 'experiments'.

Determine what you would like to see change:

1. Be specific about what improvement would look like.
2. Test a new tool or approach.
3. Evaluate its effect against your improvement criteria.
4. Decide whether to pivot (and try something else) or prevail.



Made popular by Eric Ries' book *The Lean Startup*, validated learning can be applied across all sectors and organisations.

Decision science
Decision science is the study of how decisions are made, how different decision processes lead to ‘good’ or ‘bad’ decisions, and how to improve decision-making. Drawing on contributions from economics, psychology and mathematics, it provides a vast suite of theory, tools and evidence that can strengthen decision-making in teams and organisations. Decision science is a close cousin of behavioural economics and, like behavioural economics, sits within the broader domain of behavioural science.

In this guide we explore the simple yet significant changes you can make to how your board works, so you can make the best decisions for your charity in a time of crisis. We begin with the basics; how to make meetings matter and how to write better board papers. Next, we discuss how to ensure decisions are followed through. Finally, we examine how to stay relevant and how to instil a culture of continuous learning.

By combining insights on effective practice with easy-to-implement tools based on decision-science, our aim is to arm you with strategies to shift from coping with crisis to making the best decisions for a successful recovery beyond the pandemic.

Decision-making is not just about choosing one option over another. It starts with what happens before that choice is put in front of the board.

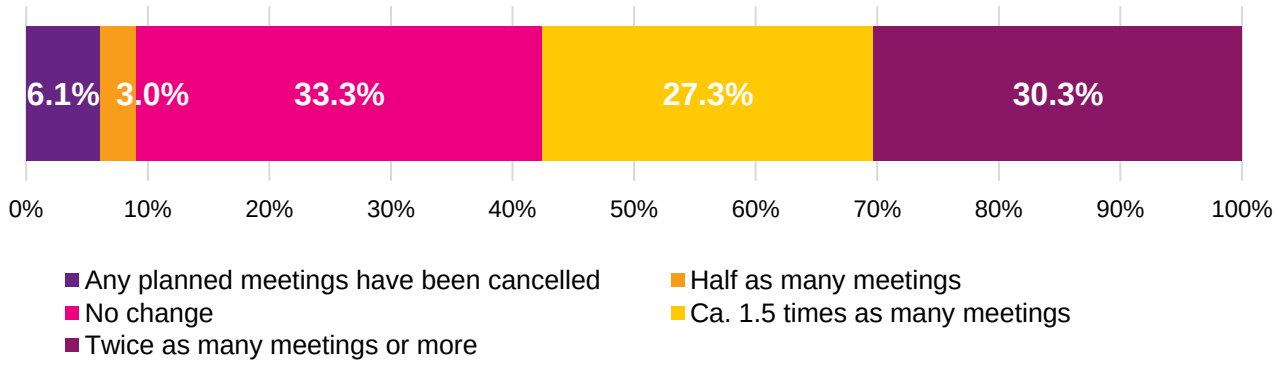
"I enjoy robust discussions at the board where different perspectives come together. I like my board to be very involved, engaged, energised, and to understand that we challenge not to criticise but always in the interest of our organisation's wellbeing."

Chair

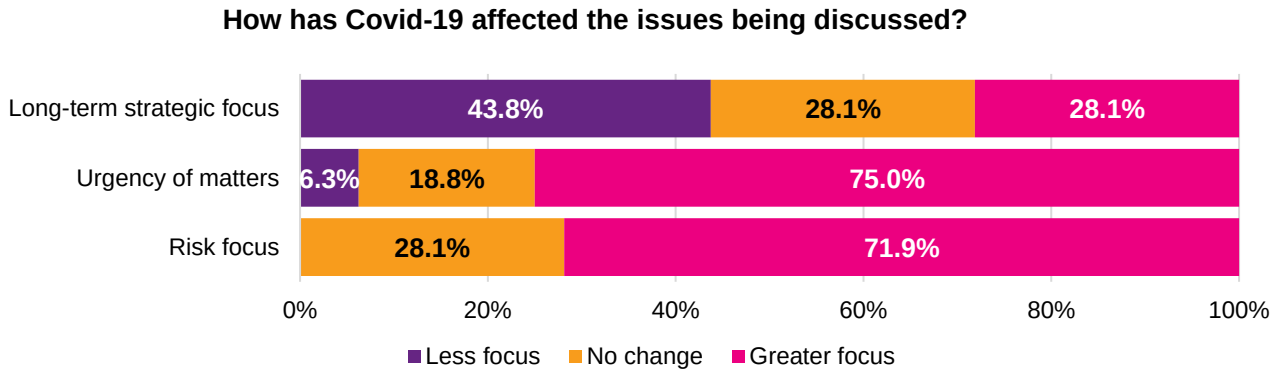
A new rhythm and focus

How often charity boards meet, what they discuss and the medium for these discussions has been upended by the Covid-19 pandemic. Our research showed that while a small share of charity boards have stopped meeting altogether (6.1%), the majority now meet more frequently than before (57.6%).

How has Covid-19 affected the frequency of board meetings?



At the same time, a considerable proportion of board members (43.8%) said their meetings have become less focussed on long-term strategic objectives, while risk and issues requiring urgent attention now feature more heavily.



In a time when many charities are making decisions as a matter of urgency and within ever shorter cadences, it may be tempting to cut back on discussions and make board meetings an exercise in rubber-stamping. This would be a mistake. Several chairs and chief executives we interviewed shared that good discussions set the stage for good decision-making. Talking properly about the issues can challenge ingrained assumptions of executive teams, facilitate buy-in among all stakeholders once a decision has been reached, and pave the way for successful follow-through.

Board members clearly value good discussions, and many recognise that there is room for improvement in their charity. When we asked trustees what they would change if they could tackle just one aspect of board meetings, 29% said they would prioritise improving the discussions they have. Quality of discussion varies widely across charity boards. We talked to chairs and chief executives who had fostered a culture where lively discussions were the norm and widely enjoyed. But we also heard from others for whom robust discussion had tipped over into hostility and strain, or who found the board to be passive, with members reluctant to contribute their views.

Charity boards are often staffed by professionals with considerable expertise across a wide range of disciplines. Nevertheless, many struggle to leverage this expertise effectively. We identified three main reasons for this from our interviews:

1. Executive capture

Discussions are often stifled because executive teams judge it sensible to avoid fuller consultation with the board or withhold information due to time pressure, uncertainty about an evolving situation, a history or culture of disengagement, or fear of uncomfortable interference.

"Governance is only as good as the Executives around it. If something goes wrong, they need to keep the relevant people informed straight away. That includes the Board."

Chief Executive

2. Insufficient knowledge and engagement on the part of trustees

One Board Development Expert told us that it was not uncommon for trustees to know too little about their charity, or even too little about their charity's sector more broadly, to contribute effectively. Even when they bring other professional expertise, for example legal or financial skills, it is essential that Board members understand the organisational mission and services, and that they are supported and encouraged to do so.

"Boards only work well when everyone can contribute their skills."

Chair

3. Ineffective chairing

The effectiveness of discussions at board meetings often depends on meeting culture, and therefore on good chairing. One board development expert told us she had observed many charity board meetings where discussions seem to *"go 'round the houses"* and that because trustees hardly interact outside of quarterly board meetings discussions can feel *"like everyone is being a bit polite."*

Productive discussions are more likely where charities have recruited and onboarded their chair effectively and been frank and open about expectations of the role. But this is just one step towards establishing a culture of productive discussions at board level, one in which chairs and chief executives alike value the contributions of their trustees highly.

"The board is my toolkit and free consultancy."

Chief Executive

The challenge of going virtual

The sudden shift to virtual meetings has made it harder to have good discussions in the eyes of many of the chairs and chief executives we interviewed.

There are some positives. Organising meetings has become easier, and some interviewees felt that video calls had flattened hierarchies and made some attendees more comfortable. However, online debates often feel less lively and more "clunky", despite the decision-making process

remaining largely unchanged. Several chairs reported that trustees were being less assertive. One chair recounted vividly how his request for input was met by everyone muting their microphones.

Technology clearly contributes to the quality of online board discussions. For example, discussions are helped by good internet connections and video conference software that satisfactorily includes the necessary number of participants. At the same time, the observation that going virtual seems to be hampering productive discussions highlights that good debate requires, in the words of one chair, *"quite subtle stuff."*

Informal moments create precious opportunities to discover how colleagues are feeling about agenda items. Board members told us that not being able to mingle with fellow trustees before and after meetings or during breaks was undermining their confidence in the decisions reached. One chair likened the value of in-person informal exchanges to the significance of coffee breaks during EU summit meetings or commercial negotiations. Likewise, body language was highlighted by many as a crucial element missing in virtual meetings.

"If you can't mingle, you have to work harder to understand what people really think. Especially in difficult situations you might find that any disagreements or conflict can usually be sorted out during breaks."

Chair

Tips for discussions that lead to good decisions

Good discussions often arise from active chairing, but they are not solely the responsibility of the chair. Everyone needs to put in the work both before and after the meeting. Our interviewees and broader research highlight four ways to support better discussions:

1. Choose the right forum for discussions
2. Involve stakeholders and trustees with specific expertise
3. Structure agendas
4. Actively manage discussions

1. Choose the right forum for discussions

Boards should discuss the high-level strategic issues without getting side-tracked by details. A good way to do this is by delegating detailed discussions to sub-committees. Moreover, sub-committees allow trustees to engage in depth with the work of their charity. This can lead to a greater sense of ownership and responsibility across the board.

"Use board time to focus on key issues and minimise time on other 'stuff'!"

Trustee

For sub-committees to enrich discussions across the entire board, chairs need to guard against:

- **Duplicating discussions**: Sub-committees should not become dry-runs of full board meetings. To prevent this, invite sub-committee chairs to present summaries of their discussions to board meetings.
- **Knowledge & interest silos**: Sub-committees should not become isolated. To keep the entire board engaged, include "sub-committee deep dives" in regular away-days.
- **Coordination issues**: Sub-committee discussions should feed into wider discussions across the entire board, so align sub-committee meetings with meetings of the full board.

"Sub-committees have to do some heavy lifting in order to clear out space for more productive board meetings."

Chair

Schemes of delegation

Formal schemes of delegation can help you clarify who makes which decisions – including whether a matter gets to board and/or sub-committee. There are no rigid rules, but to be effective schemes of delegation need to be simple and up to date, with key principles and rules shared regularly. Most people we interviewed referred to their schemes but weren't entirely sure what was in them. Those who understood their schemes of delegation found they lightened the load and streamlined decision-making.

2. Involve stakeholders and trustees with specific expertise

Often, the most productive discussions involve not only board members but also the executive team who will eventually be tasked with implementing the decision, and the people the charity exists to serve. Their perspectives can ground the board's strategic outlook in the realities of a charity's work.

To diversify input into your discussions, consider using the potential of virtual meetings to your advantage:

- **Guests:** Invite expert contributors who you would otherwise be unable to involve in discussions. Invite them to call in for parts of the meeting.
- **Recording:** Make your discussion as transparent and relatable as possible by recording relevant sections of the meeting and sharing with frontline staff.

Whether online or offline, some charity boards are already putting systems in place to ensure relevant stakeholder engagement:

- **Pairing:** To limit meeting size, some charities pair individual trustees with named contacts in the executive team. These duos establish a rapport outside of board meetings and share information which trustees can then feedback in board meetings.
- **Experts by Experience:** Consider including several Experts by Experience on your board. But be mindful not to expect a single individual to represent all service users.
- **Active chairing:** Be deliberate with whom to involve in a discussion and when. Consider asking board members with relevant expertise to contribute to a specific discussion ahead of the meeting, but be mindful to engage both experts and non-experts in the discussion.

Extra tip: Pre-meeting pulse check

Effective chairs anticipate conflict and engage with conflicting perspectives ahead of board meetings. Board development experts who regularly facilitate controversial discussions find them to be more open and constructive when chairs do a quick pulse-check ahead of meetings. The chair should survey board members ahead of time (anonymously, if needed) or in the meeting itself. It can be helpful to start the discussion by mentioning the levels of disagreement within the group. Chairs should or bring in moderate voices when there are conflicting views, but also consider asking for divergent views when there appears to be consensus.

3. Structure agendas

Our interviews found that the way the chair and chief executive build the agenda for a board meeting together strongly affects the quality of discussions that emerge. You can create an effective agenda by paying attention to **focus**, **function** and **flow**.

Focus: At the heart of many failures in decision-making lies the failure to properly define the goals you are pursuing and to keep them in mind. Being clear on your goals and on which are most important is the first step in decision-making success. For charities, this means constant focus on mission and impact. Mission is the starting point of good agendas:

- *Ahead of the meeting*, the chair and chief executive need to collectively ensure that what goes into a meeting is what is needed for the charity and its service users.
- *At the meeting*, the chair needs to make sure attendees understand the purpose of the meeting at large and of each agenda item individually.

"As the chair, you ought to know when you are picking up an issue that will be controversial. Work out which trustees are interested, talk to them beforehand, show them the draft paper, and create space during meeting to discuss controversies."

Chair

Function: Discussions can be undermined by confusion over whether an agenda item is for decision, approval, information, or discussion. Simple communication can create clarity:

- Include each item's broader purpose on the agenda to focus discussion on the issues that matter.
- Include a comment on the required preparation for each agenda item when sending out the agenda ahead of the meeting (e.g. referencing specific board papers).

"The effectiveness of board meetings depends a lot on planning the agenda. You need to be clear on what you want out of each item and make sure that all the inputs you are going to need are available. Chairs might have to tee up a couple of trustees in advance to contribute their perspective to a specific item. They also need to ensure that the right member of staff is there to provide expertise in the room."

Andrew Hudson, Vice Chair at Volunteering Matters

Flow: To create a sensible flow through the meeting, consider the following sequence:

- Start with 'warm-up' items (e.g. announcements, updates). They help build momentum but should take no more than 10-15% of the meeting. Because these are more factual, the meeting can start on time irrespective of late-comers.
- 10-15% into the meeting, schedule the most important items. This generates engagement of attendees early on and ensures those topics are covered. Research has shown that items that appear early on an agenda receive the most attention during meetings.[4]
- Close with a few minutes of wrap-up (e.g. take-aways, clarification of assignments, Q&A to promote good communication in the team).

Consider what items need to be addressed in close proximity and build the agenda in a way that tells a 'story'. Be sure to include proactive items that focus on the long-term vision and strategy of your charity, and not just short-term firefighting.

"An agenda is an event plan. When planning an event, we think carefully about the details, the flow, the experience, and the approach. The same mindset and process should occur when planning a meeting."

Prof. Steven Rogelberg, in The Surprising Science of Meetings

4. Actively manage discussions

Chairs who successfully facilitate good discussions tend to know their trustees well. They know who habitually disagrees, who offers very few but high-value contributions, who rambles, who switches off in conversations outside their expertise, and who will have read every paper in full.

Active chairing means enabling trustees to play to their strengths. Encourage trustees to follow Barack Obama's "don't admire the problem" culture of discussion that focusses on solutions-oriented contributions.

"Don't admire the problem!"

President Barack Obama

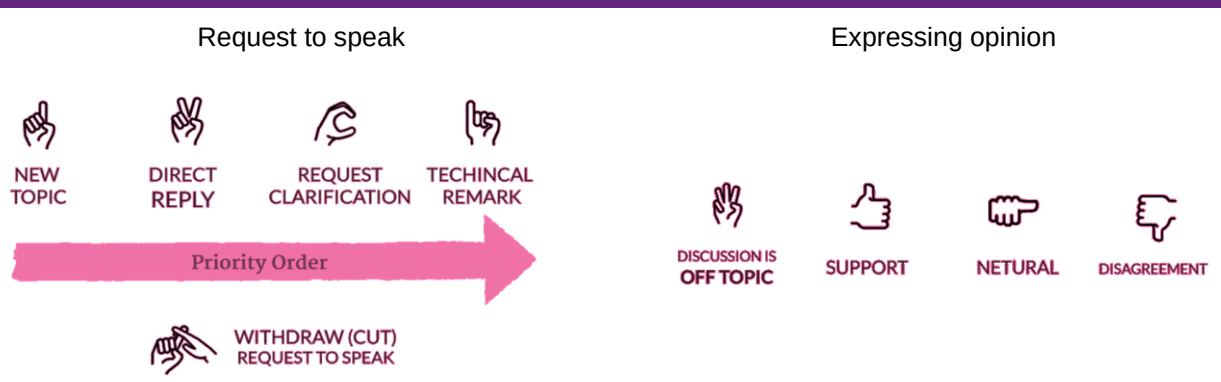
[4] Littlepage, G. E., & Poole, J. R. (1993). Time allocation in decision making groups. *Journal of Social Behavior & Personality, 8*, 663–672.

Chairs who successfully involve quieter and less forthcoming trustees shared the following tips:

- **Pairs:** Invite trustees to discuss an issue in pairs and give a summary. More introverted trustees may prefer sharing their opinion in smaller groups. Summary contributions to the entire board also allow for a degree of depersonalisation that can foster openness.
- **Around the room:** Go around the (virtual) room to give every attendee an opportunity to speak (a pass is possible). However, some agenda items are better handled by exception where everyone who wants to contribute raises their hand to speak. For specific decisions, a show of hands or survey can quickly reveal the range of views present and then focus discussions on areas of agreement and disagreement.

Good discussions emerge when chairs can deliberately engage attendees with contrasting views, challenging questions, and need for clarification. Both virtual and in-person Board meetings might benefit from adopting a wider range of hand signals that attendees can use to indicate the kind of contribution they would like to make. A range of hand signs not only enables discussion-centred chairing, it also allows attendees to express different viewpoints simply and visibly without needing to take centre stage.

Hand signals to facilitate discussion-centred chairing



Adapted from SessionLab: https://www.sessionlab.com/methods/finger-rules

Finally, active chairs are not only aware of trustees' habits and preferences in discussions, but also of their own ability to shape and even inadvertently shut-down conversations. Chairs' opinions

disproportionately affect discussions. To avoid biasing debate, some chairs find it helpful to deliberately withhold their contribution to the end of a discussion.[5]

Extra tip: Supporting good chairing

To help Chairs facilitate effective decision-making, Boards could consider the following:

Introduce a vice chair to provide regular feedback to the chair and support with preparing and leading board meetings.

Rotate decision-making roles. Certain agenda items could be assigned to a named trustee with the authority to make a final decision and commit the charity to action.

Work with a board secretary who can facilitate effective decision-making by helping maintain good meeting practice. The role of board secretary is not purely administrative.

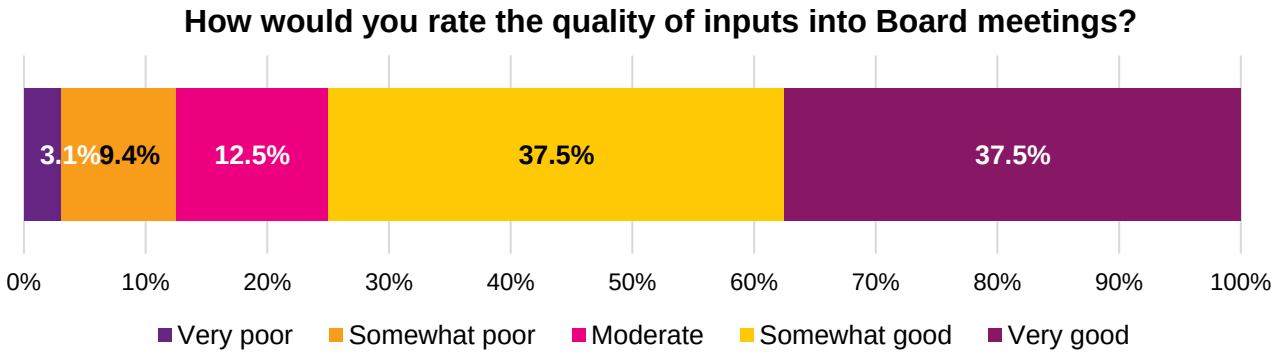
[5] Flowers, M. L. (1977). A laboratory test of some implications of Janis's groupthink hypothesis. *Journal of Personality and Social Psychology*, *35*(12), 888.

Share information relevant to decision-making

Decision-makers need information to choose wisely. A culture of constructive debate is more likely to translate into better decision-making when boards use high-quality decision-relevant information as the basis of their discussions.

Accessing and processing the right information is a challenge for many charities and charity boards, especially during a crisis. Boards are becoming hungrier for data because they need to make difficult decisions quickly. Amidst uncertainty, having good data is seen as crucial by many.

In general, the trustees we surveyed were satisfied with current information. Over a third described board papers as ‘very good’. But our survey showed that a quarter of trustees still rate the quality of input into board meetings (pre Covid-19) as moderate or poor. If given the opportunity to change just one aspect of board meetings, one in four trustees (26%) said that improving the quality of input into board meetings would be their top priority.



What prevents good board papers?

Board papers have become the preferred way in which the executive shares information with the board. But there are many bad habits impeding information-based decision-making.

1. What: Papers are too long

Many trustees interviewed for this research said board papers get out of hand. At one charity included in this research, the chair told us that their board papers used to be 300-400 pages long. It comes as no surprise then that trustees commonly mention “reading board papers” as their least favourite aspects of trusteeship.

Importantly, lengthy board papers perpetuate another communication challenge; trustees do not read board papers ahead of meetings! And where detailed papers are read, the ensuing conversation often tends to home in on operational detail rather than matters of broader strategic relevance.

“Be clear to the Executive about the level of information you need to make a decision.”

Trustee

2. When: Papers come too often

Charity Boards risks falling under the illusion that they are attending to an issue only when it becomes a “standing item” on the agenda or the subject of too many regular reports. One chair we interviewed told us that trustees risk *“missing the bigger themes”* when over-reporting lures them into a false sense of familiarity with an issue. When asked what they would change about board meetings, some trustees suggested reducing unnecessary repetition.

3. How: Presentations are disempowering

Executive teams need to consider how they present information, not just what and when. One chief executive told us that, at her charity, finances used to be presented in a way that deliberately created ambiguity and confusion by being so complex that oversight became a matter for a select few when it should be considered every trustee’s responsibility.

“Clarity – not simplicity – is key. Executive teams need to be able to communicate in a way that everyone on the board will understand, regardless of skill base.”

Chief Executive

4. Why: Information for information's sake

Some trustees request information for information's sake, according to board development experts we interviewed. More than on many other kinds of board, it seems, charity trustees often enjoy getting informed on matters and to "get chatting on the theme". While it is important that trustees understand the working of their charity, this can detract time and energy from decision-critical information.

"There is a real need to be clear about the questions that need answering and the discussions that need to be had. Focus on the things that will make the biggest difference."

Lynda Thomas, Chief Executive at Macmillan Cancer Research

Requesting more information can sometimes reflect a desire to delay a decision. Boards must be clear on why they require information from the executive and how they intend to use it.

Relatedly, some chairs told us that executives can spend a lot of time presenting board papers that should have been read ahead of the meeting. This too detracts time from leveraging information for effective decision-making.

"Don't ask for a paper if you don't really, really need it."

Board Development Expert

Tips for sharing information effectively

"Make sure trustees are properly informed so they can execute their responsibilities in a considered and fair way. Transparency can be uncomfortable, but you have to be open."

Chris Wright, Chief Executive at Catch22

1. Measure what you treasure

What's in the board paper shapes what's discussed. Focus papers on impact and outcomes where possible to ensure discussions and decisions centre on the core mission of the charity.

"Board decisions should be made on the basis of impact. Board papers should speak to that."

Board Development Expert

Several board development experts we interviewed said that many charities do not measure the impact of their work and therefore lack the data to guide decision-making.

If charities don't understand what "realising their mission" looks like for them, boards cannot request the right information to inform decision-making in the interest of the charity's purpose, nor would the executive be able to collect it. As NPC suggests in its publication Above and beyond trusteeship, 'achieving the charity's mission should be the board's primary consideration and should trump all other concerns'.

For charities to stay effective and relevant, it is essential to track impact measures over time. Especially when resources are scarce and the format of programme delivery is changing. Boards need to make data-driven choices on where to invest more, where to pivot, and where to join forces with similar charities.

NPC is a strong advocate for impact-focused boards and has published widely on impact measurement. NPC's latest thinking can be found in the publication, Understanding impact, which follows on from the guide, Theory of change in ten steps.

"Sometimes it feels like we forget what we are here for – for impact."

Chief Executive

2. Establish clear guidelines

To build a culture of open and transparent information sharing between the executive and the board, establish clear guidelines on the scope, length and format of board papers.

One chief executive we spoke to had recently joined a charity in considerable financial difficulty. She was working hard to improve relations between the executive and the board. This meant fostering an awareness of the importance of transparency, accountability and clarity towards the board, and coaching her executive team to build good communication habits with the board. In her experience, ensuring that her team followed a clear template for board papers made changing the culture of information sharing easier – especially during a period when the relationship between the executive the board was changing exponentially.

"Clear guidelines on how we present information to the Board helps me stand fully behind my team."

Chief Executive

- **Layout:** Several chief executives we interviewed found that working with both a summary cover sheet and an appendix helps focus the board's attention on the most relevant details. Where we spoke to the chair and the chief executive of the same charity, we sometimes

found that they mis-understood each other's expectations. While one chief executive felt pressured to present clear recommendations, the chair told us he would appreciate information on more options to deepen the board's engagement with decisions.

- **Options:** Include agreement on whether board papers should include a take-it-or-leave-it recommended decision or multiple options in your guidelines.

"Transparent and concise information leads to balanced decisions from a Board where an individual may otherwise be inclined to make a decision even before it has been discussed at the Board."

Trustee

3. Create decision-first papers

Rather than organising papers by theme, decision-focussed papers put the decision to be made in the headings. Several board development expert and chairs we interviewed recommended that executive teams create decision-focussed papers. This, they argued, makes processing information a more focussed exercise. It also challenges executive teams to collect and communicate the information that is directly relevant to a decision facing the board.

"You can only make good decisions if you are well informed. So read the papers, take time to understand the background, and ask questions before and during meetings. That way, the decisions come more easily."

Trustee

4. Consider alternative formats

Sometimes, board papers are not the most effective format for information sharing. Where the primary aim is to keep trustees informed, executive teams might want to consider alternatives, for example webinars, expert talks, or other forms of interactive learning.

Many charities that deliver frontline services now require trustees to participate in their programmes and interact with service users once a year. Such experiential learning is also an effective part of every trustee's onboarding process.

Extra tip: Try new formats and tools

Many companies with strong corporate cultures have formulated clear guidelines on meeting papers for executives and deliberately built a culture that facilitates productive engagement with decision-relevant information. For example, Amazon meetings start with participants reading a 1, 2 or 6 page memo in silence before discussing it. Amazon also enforces strict limits on the number of meeting participants.

Leapwise has built a method, supported by software, that allows any organisation to decide on its own meeting disciplines based on evidence from decision-science. Organisations tailor their approach to their sector and context, the software measures meeting effectiveness across the organisation, and staff can then access e-learning, nudges and other supports, tracking which changes boost satisfaction and decision-making pace and quality.

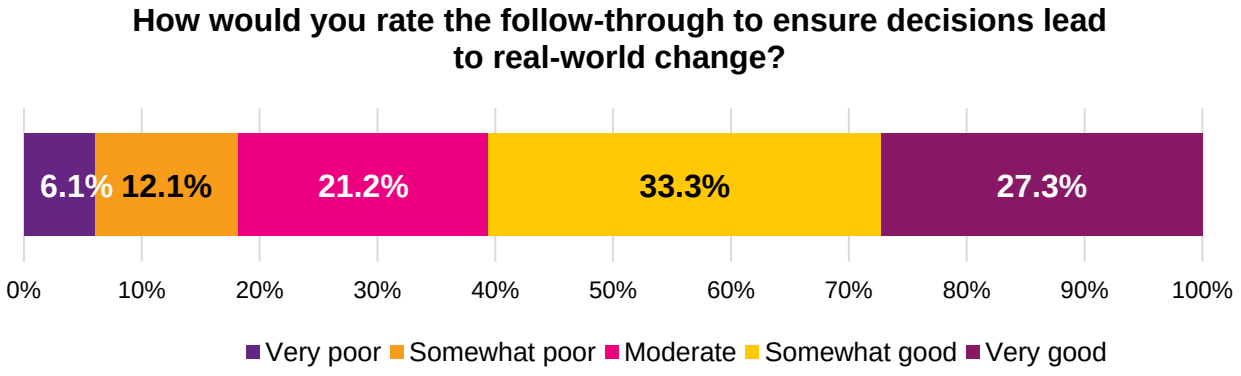
How to translate decision into action

A key challenge for charity boards is to ensure their decisions have the desired impact. Trustees must make decisions that will ensure their charities realise their charitable objectives. The hard part is to have a process in place that promotes follow-through once a decision is made.

Many trustees are dissatisfied with follow-through

Following through on decisions clearly remains a challenge for many charity boards. Several chief executives interviewed for this research shared examples where boards made similar suggestions twice yet were oblivious to their duplication. Nobody had logged what decisions had already been made, and new board members, in their enthusiasm, did not take the time to find out what initiatives had already been tried. We also spoke to chairs who felt that executive teams were wilfully ignoring board decisions in the hope that the board would not notice.

39% of the trustees we surveyed said the follow-through to ensure that decisions lead to real-world change was moderate or poor. 38% said they would make creating better follow-through their priority if they could change just one thing about board meetings.



What's stopping effective decision-making?

1. Cognitive biases

Research on decision-making has revealed many cognitive biases – mental shortcuts and assumptions to reduce complexity – that can derail the decision-making process by skewing how the board evaluates information and judge proposals.[6]

John Hammond, Ralph Keeney, and Howard Raiffa put it well when they wrote that *"When it comes to business decisions, there's rarely such a thing as a no-brainer. Our brains are always at work, sometimes, unfortunately, in ways that hinder rather than help us."*

Common Cognitive Biases

Affect Heuristics: We tend to decide *what* we want to do before we decide *why* we want to do it. This leads us to exaggerating benefits or downsides based on whether we like it or not.

Anchoring bias: We tend to give disproportionate weight to the first bit of information we receive. Past events, trends, initial estimates, or seemingly unrelated statistics can anchor subsequent thoughts and judgments.

Confirmation bias: We tend to seek out, and be more receptive to, information that confirms pre-existing beliefs than to information that contradicts our beliefs.

Halo effect: Once an individual or company is branded by experts as 'excellent', we tend to assume that all their practices must be exemplary.

Loss aversion: When contemplating risk, we're more scared of loss than hopeful for gain.

Saliency bias: Salient or memorable analogies to the problem at hand can disproportionately shape problem assessment. We tend to assign an overly high probability to dramatic but highly unlikely events – because they are memorable.

Sunk-cost fallacy: We tend to make decisions in ways that justify old choices, sometimes literally 'throwing good money after bad', risking "escalation of commitment" to poor decisions.

[6] Kahneman, D., Lovallo, D., & Sibony, O. (2011, Juni 1). The big idea: Before you make that big decision…. *Harvard Business Review, June 2011.*

What you see is all there is (WYSIATI): We tend to overlook what is missing; our minds automatically fill the gaps to create a coherent narrative.

2. The executive not buying-in to the board's decision

Beyond our own cognitive biases, what limits effective decision-making is often closely related to relations between the executive and the board.

- **Risk-appetite:** Many chairs and chief executives we interviewed highlighted different appetites for risk as a key obstacle to gaining wide-reaching support for decisions. While many trustees reported the executive to be relatively open to risk-taking in the current climate and eager to try out new forms of programme delivery or ways of working, boards were generally perceived as more averse to risk.
- **Buy-in:** If boards do not involve the staff tasked with implementing a decision then they will often find that their decisions will be implemented half-heartedly, delayed, or even discarded when employees leave the charity.

3. The board interfering with implementing decisions

In a climate of uncertainty, some charity boards are uncomfortable with the fact that they are responsible for the effectiveness of the organisation but not in control of how their charity responds to the crisis on a day-to-day basis. This can tempt boards to become significantly more involved in the operational activities of the organisation, beyond their governance role.

One chief executive told us the distinction between oversight and operations had become blurry throughout the pandemic. To cope with the onslaught of critical decisions required at the start of the pandemic, he wanted to join the executive team and a couple of trustees in a newly created crisis working group. This group quickly and unintendedly morphed into a sub-committee of five trustees who, meeting with three executives, were getting deeply involved with the day-to-day running of the organisation. *"The dynamic of this group is very different from what was envisaged*", reflected the chief executive. *"It now feels like we are under constant scrutiny in our day-to-day response to the pandemic."*

- Interfering in implementation risks straining relations and derailing effective follow-through.

- Once a decision has been made, implementation becomes unsustainable if the executive needs to return to the board for every detail.
- Clear division between oversight and execution is essential for successful follow-through.

"It is important that Boards understand their responsibility to provide oversight, not to take charge of execution. Especially under pressure, you need to be very careful not to overstep the mark."

Chair

4. Poor record-keeping and limited board memory

Where record-keeping was poor, board members reported repeating their own work and finding it difficult to hold the executive accountable. We heard examples where the board suggested an initiative that turned out to be strikingly similar to a previous proposal – which was already in the process of being implemented but then derailed by the board's duplicate intervention.

"Sometimes board meetings feel like ground-hog day, and you need to remind trustees what you have already agreed on. That gets a bit frustrating."

Chief Executive

Tips for more effective decision-making

"The Covid-19 pandemic has shown many boards that how they make decisions can be flexed, can be adaptable. Now it's time to ask: What are other times where we could adapt decision-making processes, but we don't?"

Board Development Expert

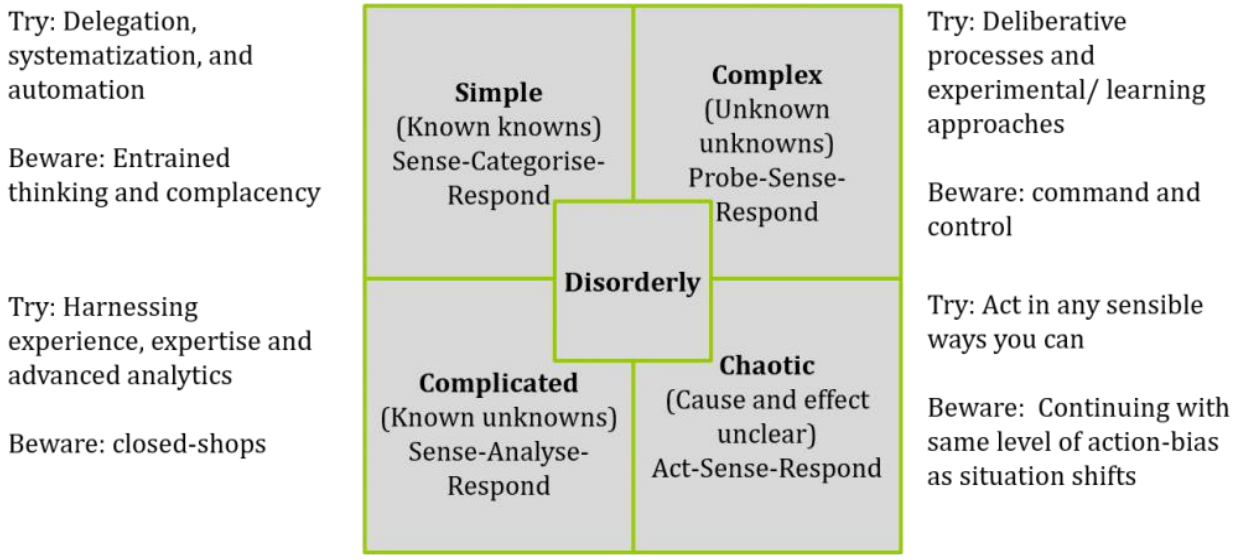
1. Take a systematic approach to your decisions

Chairs and board development experts we interviewed recommended taking a systematic approach to decisions. This can help reduce uncertainty and free-up decision-making capacities.

- **Area of governance:** Is the decision related to laws and compliance, policy and strategy, or people and human issues? Clarity on the area of decision-making can help your board discover whether it is allocating appropriate time to different areas of governance and which criteria may be appropriate to make good decisions.

- **Evaluation criteria:** What criteria are you basing decision on? Are you comparing options against their impact on staff morale, what your supporters think, or how well they align with your funders' goals? Rating different options against criteria can be helpful.
- **Type of problem:** Leapwise uses the *Cynefin Framework*,[7] developed by Dave Snowden for IBM, to help organisations think about the situations they are confronting. It distinguishes between simple, complicated, complex, and chaotic decision-making contexts that warrant different types of responses.

The Cynefin Framework



Some decisions are **simple** and can be based on rules. Decision-makers should be looking to codify rules and increasingly automate this type of decision-making.

Other decisions are **complicated**. There are clear and reasonably stable rules of cause and effect. Faced with complicated decisions, boards should uncover these rules and mobilise expertise. Watch out for 'analysis paralysis' and entrained thinking among experts!

The **complex** domain is where many charity boards will spend considerable time and energy. The social, environmental and economic systems shaping decision-making can be influenced by different actions, but the rules of cause and effect are non-linear and everchanging. Many different interventions might be helpful, but they equally will have impacts (positive or negative) elsewhere in the system.

When the decision-making context is **chaotic,** cause-and-effect relationships are impossible to determine and constantly changing. As a result, no clear solutions emerge. The board is tasked with enabling the executive to act in any helpful way possible to start bringing more order to a situation, until it stabilises to a

[7] Snowden, D. J., & Boone, M. E. (2007, November 1). A leader's framework for decision making. *Harvard Business Review, November 2007.*

level where you can start to tackle more fundamental aspects of the problem. Unless decision-makers lean strongly towards action, the risk of paralysis is high.

Snowden's Cynefin Framework adapted by Leapwise

2. Create a decision timeline

For the executive to effectively implement a decision, trustees need to consider it within the context of a longer timeline that includes the necessary research and consultation which will often precede an effective decision, as well as decisions and actions that build on it.

- **Importance and urgency.** Create a 2x2 matrix to rate the decisions facing the board in terms of importance and urgency. One board development expert we spoke to said that classifying future decisions along these lines not only helps boards prioritise, it also increases the likelihood that important decisions are handed over during staff turnover.
- **Sequencing.** Be clear on what is important and when it must be done by. Create a decision timeline to sequence actions and the necessary decisions preceding them in a way that serves your charity's wider strategic aims. The executive and board together may want to outline the decisions to be taken over the next 3-6 months in detail and to preview the year ahead as well as your 3-5-year plan in increasingly broad terms.

3. Allocate decision roles

Decision-making involves not just 'the decider' but also others with clearly outlined roles in the process. For charity boards, they will involve both trustees and members of the executive.

Use the RAPID framework to create role clarity. Make sure each decision-item has a designated person in charge whose expertise match the decision being taken.

RAPID Decision-Making Roles	
Role	*This person…*
Recommend	Recommends a decision or action.
Agree	Formally agrees to the decision. Their views **must** be reflected in final proposal (could be no one or several people but clear rationale needed).

Perform	Is accountable for executing the decision once made, so needs to buy in (ideally clear, but may be more than one person).
Input	Provides input but views may or may not be reflected in final proposal (many people can have this role).
Decide	Makes the decision and commits the charity to action (one person only).

Role clarity is essential, especially where speed and agility matter. Coordination improves and response times become quicker when role assignment becomes routine.[8] Conversely, when there is ambiguity over who is accountable for which aspect of the process, decision-making can stall.

"Chief executives should have very clear limits in their decision-making power. The more you learn about running an organisation, even though you don't want to feel constrained on a day-to-day basis, the more you realise that, for the protection of the organisation, you need constrains."

Chief Executive

Extra tip: Get input from those who implement

Defining decision-making roles can help with implementing decisions. Within the RAPID framework, those who provide *input* are typically also involved in decision implementation. Involving staff charged with implementing a decision in the decision-making process makes it more likely they will buy into, own, and ultimately execute the decision.

If you are not able to consult with those who will implement a decision, show you are building your decisions on previously developed strategy, pre-existing data or other metrics that show how the board's decisions align with your charity's objectives!

4. Clarify risk appetite

"One of the risks is that you could have done something great and you didn't."

Chief Executive

[8] Rogers, P., & Blenko, M. W. (2006, Januar 1). Who has the d? : How clear decision roles enhance organizational performance. *Harvard Business Review, January 2006*.

Charities will have different appetites for risk around different areas of operation. Several board development experts we interviewed recommended that developing an awareness of risk appetite across the board and the executive team can help charities identify more opportunities for impactful decision-making.

- **Establish a risk register.** Highlight areas where there is considerable risk appetite and areas where the charity is more risk averse (and maybe rightly so). Identify risk owners, mitigation strategies and leading indicators of risks materialising, as well as areas where the executive team and the board disagree.
- **Assess your meeting agendas for risk appetite.** Do your meeting agendas focus solely on resource management (e.g. finance) or do they also involve creating and seizing opportunities, such as collaboration within the sector and other ways to increase impact?
- **Recruit for diversity in risk appetite.** One chair we interviewed had deliberately recruited an entrepreneur with a considerable risk appetite and found it improved decision-making dynamics on his board. In general, chairs who reflect on board decision-making in relation to risk appetite told us they found it helpful if their boards included people with different appetites for risk.

"Focussing on harnessing opportunities as much as managing risk will make for much more impactful organisations. There is more risk to manage now, but UK charities have shown that they are really good at seizing opportunities."

Charlotte Lamb, Strategy Principal at NPC

5. Check for cognitive biases

When evaluating a proposal, check for well-known biases that influence what options are proposed and how people around you react to them.

- **Remember that simply being aware of the cognitive biases does not eliminate them!** We cannot eliminate biases at our own volition. However, we can move from interrogating ourselves as individual decision-makers to interrogating the influence of biases within our teams. In the words of the psychologist and economist Daniel Kahneman and his colleagues, *"We can apply rational thought to detect others' faulty intuition."*[9]

[9] Kahneman, D., Lovallo, D., & Sibony, O. (2011, Juni 1). The big idea: Before you make that big decision…. *Harvard Business Review*, *June 2011*. https://hbr.org/2011/06/the-big-idea-before-you-make-that-big-decision

- **Use a checklist** of questions to ask about any proposed decision to check for common biases. Use this checklist systematically and in full. The Harvard Business Review have produced a good checklist of quality-control questions.

Interrogating proposals for cognitive biases that commonly affect decision-making may not be appropriate for routine decisions. However, formalised quality control could be essential for decisions that are important or recurring.

"Using checklists is a matter of discipline, not genius. Partial adherence may be a recipe for total failure."

Prof. Daniel Kahneman

6. Keep a decision-log

"Sometimes, I am spending a lot of time reminding people about what they have decided and done before."

Chief Executive

To avoid duplicating decisions, and to keep chief executives accountable, keep a logbook of decisions that have been made by the board. A decision log also serves as a useful hand-over document for new trustees.

The decision-log could include information on:

- Decision-roles
- Timelines
- Implementation – to help you establish whether decisions are being implemented and test the effect of any intervention you may take to improve follow-through.

"Decision-making is not a one-off transaction. It is about organisational culture."

Chief Executive

How to stay relevant

Re-focusing on strategy

Many chairs, chief executives and trustees reckon that 'strategy' has been taking a back seat in board meetings throughout the Covid 19 pandemic. 42% of the trustees we surveyed said Covid-19 had led to *fewer* discussions of long-term strategic issues at board meetings. On the other hand, around a third of trustees we surveyed (30%) reported an *increased* focus on long-term strategic issues throughout the pandemic.

Many of the issues raised by the pandemic are clearly strategic at heart. Some charities are already considering what future programme delivery, fundraising and the management of financial reserves should look like, as well as where there are opportunities for collaborations and even (partial) mergers. Shifting the focus from coping with the crisis to longer-term strategic thinking is going to become a key task for all charity boards.

What's stopping strategic thinking?

Covid-19 has prompted some charity boards to become more heavily involved with day-to-day operational activities. Shifting the focus from the here-and-now to more medium- to long-term strategic issues will be essential if boards are to keep their charity on track.

We found that three main challenges are preventing many charity boards from returning to a position of strategic oversight:

1. Mission creep

Many boards have found themselves overwhelmed with urgent decisions to steer their charities through the here-and-now. Questions about Covid-19 can detract resources from unrelated aspects of charities' missions and associated strategies.

"There is a danger of mission creep. Because this is such a cataclysmic event, organisations think they need to speak about it all the time. That bears thinking about."

Chair

2. Volatility

Many charities have postponed their annual strategy meetings because the starting point for strategic planning continues to change. However, delaying conversations on strategy may make decision-making less effective and more difficult, not easier.

Strategy based on the bigger purpose and vision of a charity can provide essential guard rails and boundaries for decision-making. These guard rails are invaluable in complex or chaotic decision-making environments.

"It is hard to do strategy when you don't know the launch point."

Chair

3. Meeting format

Many chairs and chief executives consider virtual meetings a barrier to effective strategy meetings. In many charities, mid- to long-term strategic planning takes place at away-days and in strategy marathons. While some leadership teams have organised virtual away-days, many chairs are unsure how to facilitate strategy-focussed events virtually.

Tips for getting back to strategy

Charity boards, and chairs in particular, need to have a view on where the charity is going. This requires boards to remain aware of what is happening in their charity's wider environment, and to stay actively involved with the charity's strategic objectives throughout the year. Strategy is not just for away-days.

NPC's publication Strategy for impact shares how NPC approaches charity and funder strategy development, and uses its strategy triangle, which is specifically tailored to the charity sector.

1. Be explicit about your charity's bigger vision and overarching goal

Many chairs and chief executives reported that they were now reaping the rewards of having already invested time discussing and fully understanding their charity's mission. Most stressed the importance of strategic alignment between trustees and the executive team.

The experience of board development experts is that simply assuming alignment means that fundamental differences often remain undetected. Trustees tend to believe they know and agree on the vision of their charity and are surprised when they discover they disagree with the executive on fundamental aspects like the charity's exact target group or its overarching goal for society.

"Charities need to go through a full and frank review. Coming out of the crisis, ask yourself: what do we now look like as an organisation? Has the pandemic effected our whole model as a charity?"

Terry Duddy, Chair of Catch22

To stay agile, you need to be clear about the purpose and identity or your charity:

- What do you stand for, where are your red lines?
- How explicit can you be about your precise goals and any trade-offs between competing priorities?

If you need to pivot – for example on where to spend more money, or which services to de-prioritise – knowing your north star will help you make decisions in line with your charity's identity and long-term strategic objectives. It pays to communicate the mission repeatedly (and powerfully) to maintain focus.

A minimum viable strategy is something that can help you to be more agile. This means clearly articulating a deeply understood mission, vision and priorities. The rest—intermediate outcomes and activities—should be flexible.

"Make necessary adjustments to keep the show on the road but try to keep your core purpose in mind. Adjust for what Covid-19 may have done to that but try not to let it distract you from the aim of your charity."

Richard Murley, Chair of Macmillan Cancer Research

2. Make strategy an ongoing activity

Many charities are regularly confronting decisions that are strategic at heart. Nevertheless, strategy development, approval and evaluation are often seen as the subject of rare strategy away-days that at best take place annually and often rarer than that.

"We have become more short-term because the uncertainty of how long this will persist is hanging over us. We have to be quite light on our feet."

Chair

To develop a sense of ownership and buy-in into strategy that can spread throughout the charity as a whole, and to reduce your dependence on rare strategy away-days, consider:

- **Starting with an internal review.** Over the course of our interviews, several chairs and board development experts recommended re-focusing on strategy by reviewing the charity's current strategic model in light of new realities. This can be a repeat activity where boards pause periodically to refocus on medium-term objectives: which of them still hold, and for those that do, are you on track? NPC's approach to strategy development includes a review of previous strategy. It is likely to include successes you want to maintain, as well as elements that need to change. Reviewing what has gone before—both what is written and what happens in practice— helps to identify what should be stopped, continued, or scaled up. NPC often uses its What Makes A Good Charity framework for internal reviews as part of a strategy development.

- **Using a strategic calendar** that maps out your strategic priorities in greater detail for the short- to medium-term and in less detail the further ahead you look. Given the uncertainty created by recent crises, some charities have found it useful to shift from planning 2-3 years ahead to focussing on strategy over the next 6-12 months.

- **Using a strategy traffic light system** that reflects the level of attention the board need to pay to various strategic priorities. Using a red-amber-green rating system, trustees and staff can regularly update where discussions and decisions would be beneficial (amber) or are urgently necessary (red) to keep the charity on track to meet its strategic objectives. This can help chairs set relevant meeting agendas. It also keeps strategic objectives at the heart of board decision-making.

"Ask yourselves: How can we achieve our vision when so much is changing? Boards that are able to hold space for the volatility, the difficult decisions, while keeping their eye on the mission of their organisation, and on the people linked to it – those are the boards that will be able to sustain their charities."

Tesse Akpeki, Board Development Expert at Bates Wells & Braithwaite LLP

Many boards are reluctant to ask for feedback

For many trustees, a charity board is their only unpaid non-executive role in a busy portfolio career that spans three or four additional roles. Nevertheless, several chief executives and board development experts who contributed their experience to this report, observed that trustees sometimes struggle to translate their corporate skills to the context of a charity board. This appears to be a challenge especially where risk appetite and long-term strategic thinking are concerned.

One board development expert we interviewed found that trustees' visions of themselves were often strongly and emotionally intertwined with their charity work. Succeeding in everything they do on the board therefore becomes personally very important to many trustees.

This can lead to a reluctance to ask for feedback or seek out more formal board development support. Some experienced chairs of medium or large UK charities have never sought out systematic feedback on their chairing – be it internally or externally, informally or formally.

Internal processes for learning and development

Without feedback, decision-makers are stumbling in the dark, with no chance of learning whether what they are doing is working. Many trustees understand this and recognise that creating the right kind of charity in a changing economic, social, political and public health landscape requires a mindset of continuous learning.

We spoke to numerous chairs who have put in place different formal and informal mechanisms for evaluation and development, both of themselves and for the board as a whole:

- Having a **post-meeting debrief** with some trustees to review what worked and what didn't.

- Appointing a **vice chair** and including feedback on chairing and broader meeting management in their remit. This role can also be given to a board secretary.
- Considering **'willingness and ability to give feedback'** as a criterion in trustee recruitment.
- Annually **requiring each trustee to review** their remit, review their year and set out their agenda for the next year.
- Holding a **trustees-only session** as part of an annual retreat, which includes 1-1 and whole-team effectiveness reviews as well as team building exercises.
- **Asking for feedback** from the executive team on the board's performance, including agreeing on necessary changes.

Using external support for a fresh view

Every so often, an externally facilitated governance review can help a board take a step back and appreciate bigger issues like organisational culture, roles and responsibilities, values, decision-making processes, and the skills and experiences represented on the board.

It is essential, throughout any externally facilitated board development exercise on strategy or decision-making processes, to engage trustees deeply. Good facilitation will foster a sense of ownership and buy-in across the board. The extent of engagement with trustees will make or break any board development process. It should be you and your charities who are left in charge of any changes, not the consultant.

"External input is important. If you're going to be serious about good governance, invite someone in to observe your meetings, get feedback, act on it. Filling in a homemade questionnaire is better than nothing, but periodically it is a good idea get external support."

Chair

Use validated learning to create incremental change

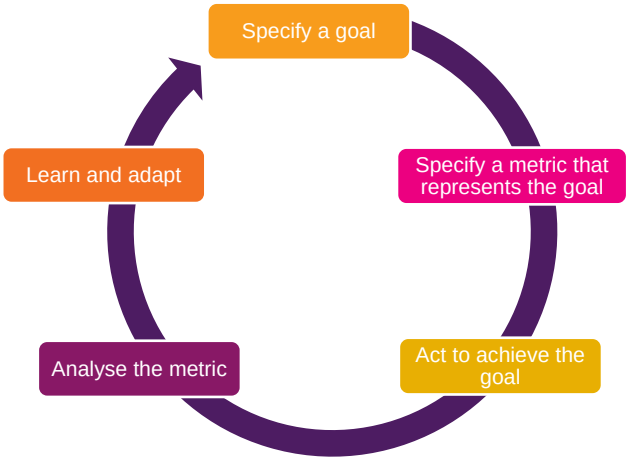
Many governing bodies may be reluctant to review their decision-making processes. Instead they will say: "When we are very busy, how can we take time to do these things?"

Throughout this guide, we have introduced you to many small and low-risk changes that you can trial in your charity – especially during a period of uncertainty and change.

Made popular by Eric Ries' book *The Lean Startup*, validated learning is a technique to bring about change through often small and low-risk 'experiments'.

Determine what you would like to see change:

- Be specific about what improvement would look like.
- Test a new tool or approach.
- Evaluate its effect against your improvement criteria.
- Decide whether to pivot (and try something else) or prevail.



Boards often do not have the time or headspace to take on big changes in how they make decisions. But by making small adjustments to your processes, you can elicit incremental sustainable change.

The truth is that one-off exercises do not create the core infrastructure charities need to become truly decisive and effective. For that, we need to build effective decision-making habits bit by bit.

"Don't expect to go from zero to ten; also be satisfied with a journey of continuous improvement and learning."

Chair

Experts' view on Covid decision-making

We are grateful to the chairs, chief executives and board development experts who contributed their experiences and expertise to this guide.

"This is the moment to take risks. If you are not taking risks when you have a social purpose and the whole of your ecosystem has changed – what the hell are you there for? It comes down to risk appetite. In order to achieve your purpose, rather than being protective and thinking about how to manage risk, ask yourself: what level of risk do you need to take? Get clear on risk appetite before you come into the discussion about risk management."

Penny Lawrence, Chair of Refugee Action

"Focussing on harnessing opportunities as much as managing risk will make for much more impactful organisations. There is more risk to manage now, but UK charities have shown that they are really good at seizing opportunities."

Charlotte Lamb, Strategy Principal at NPC

"The effectiveness of Board meetings depends a lot on planning the agenda. You need to be clear on what you want out of each item and make sure that all the inputs you are going to need are available. Chairs might have to tee up a couple of Trustees in advance to contribute their perspective to a specific item. They also need to ensure that the right member of staff is there to provide expertise in the room."

Andrew Hudson, Vice Chair of Volunteering Matters

"Ask yourselves: How can we achieve our vision when so much is changing? Boards that are able to hold space for the volatility, the difficult decisions, while keeping their eye on the

mission of their organisation, and on the people linked to it – those are the Boards that will be able to sustain their charities."

Tesse Akpeki, Board Development Expert at Bates Wells & Braithwaite LLP

"You need to know the starting point of where you are going next. Charities need to go through a full and frank review. Coming out of the crisis, ask yourself: what do we now look like as an organisation? Has the pandemic effected our whole model as a charity?"

Terry Duddy, Chair of Catch22

"Trustees are not only responsible for fulfilling financial and legal duties, but they are fundamentally guardians of their charity's impact. Boards should always think about how they can serve people and communities in the best possible way. Impact, in addition to finance and legal, should always be a lens through which Boards are making their decisions. One positive about Covid-19 is that some Boards have adapted quickly to meet the changing needs of people and communities. We have seen some of the best of governance in that context."

Katie Boswell, Associate Director Strategy & Leadership at NPC

"Having a clear vision for the charity, which is shared by Trustees and staff, is essential. So too is a realistic strategy for realising the vision. The investment of time and effort to develop a vision and strategy will ultimately pay dividends."

Ed Newell, Chief Executive of Cumberland Lodge

"Charities should be about doing the best for the people they want to help. When times are tough, that will make for difficult decisions. But if you keep that as the north star, you are going to be going in the right direction."

Dan Corry, Chief Executive of NPC

"Chairs, continue to be challenging and supportive, but make sure you communicate clearly and make sure that you work very closely with the B and the senior team in the time of crisis."

Baroness Usha Prashar, Chair of Cumberland Lodge

"Remember that we are all on the same side, trying to do the same thing. We just have different roles to play."

Arvinda Gohil, Chief Executive of Central YMCA

"The effectiveness of the relationship between Chair and CEO is all about trust. There is a responsibility on the Executive not to be defensive, to be open towards Trustees, to recognise that people are giving their time freely. Make sure Trustees are properly informed, so they can execute their responsibilities in a considered and fair way. Transparency can be uncomfortable, but you have to be open."

Chris Wright, Chief Executive of Catch22

"There is a real need to be clear about the questions that need answering and the discussions that need to be had. Focus on the things that will make the biggest difference."

Lynda Thomas, Chief Executive of Macmillan Cancer Research

"You have to remain absolutely focussed on your core purpose. Make necessary adjustments to keep the show on the road but try to keep your core purpose in mind. Adjust for what Covid-19 may have done to that but try not to let it distract you from the aim of your charity."

Richard Murley, Chair of Macmillan Cancer Research