



A Handbook on Effective Non-Profit Boards

September 2020



Photo credit: Bryan van der Beek



Towards a



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Foreword

The COVID-19 pandemic has affected Singapore and Singaporeans in an unprecedented way. As the situation continues to evolve, charities and Non-Profit Organisations are adjusting and navigating their way in this new normal. The priority is to keep people safe, while continuing to serve their clients and communities.

To deliver their services effectively, Non-Profit Organisations need strong governance, robust structures, and a healthy working culture. In addition, Non-Profit Organisations need their Boards to provide strong leadership, and steer their organisations in an agile manner, in response to changing community and societal needs.

This publication by the National Volunteer & Philanthropy Centre (NVPC) and its Centre for Non-Profit Leadership is a timely and useful resource to support Boards in their work. It is the result of 2 years' worth of research on Non-Profit Boards as part of NVPC's Board Leadership Study, as well as in-depth conversations with leaders of Non-Profit organisations across diverse sectors. The handbook distils the insights from NVPC's research, highlighting the 8 factors that contribute to an effective Non-Profit Board and providing helpful recommendations for leaders of Non-Profit Organisations.

I hope this publication will support Non-Profit Organisations in their conversations and efforts to strengthen their organisations, in order to position themselves for the future. For Non-Profit Organisations embarking on a journey towards more effective Board leadership, reading this publication is a helpful first step.

Together, let us build a City of Good, and a more caring Singapore.

Mr Edwin Tong
Minister for Culture, Community and Youth & Second Minister for Law

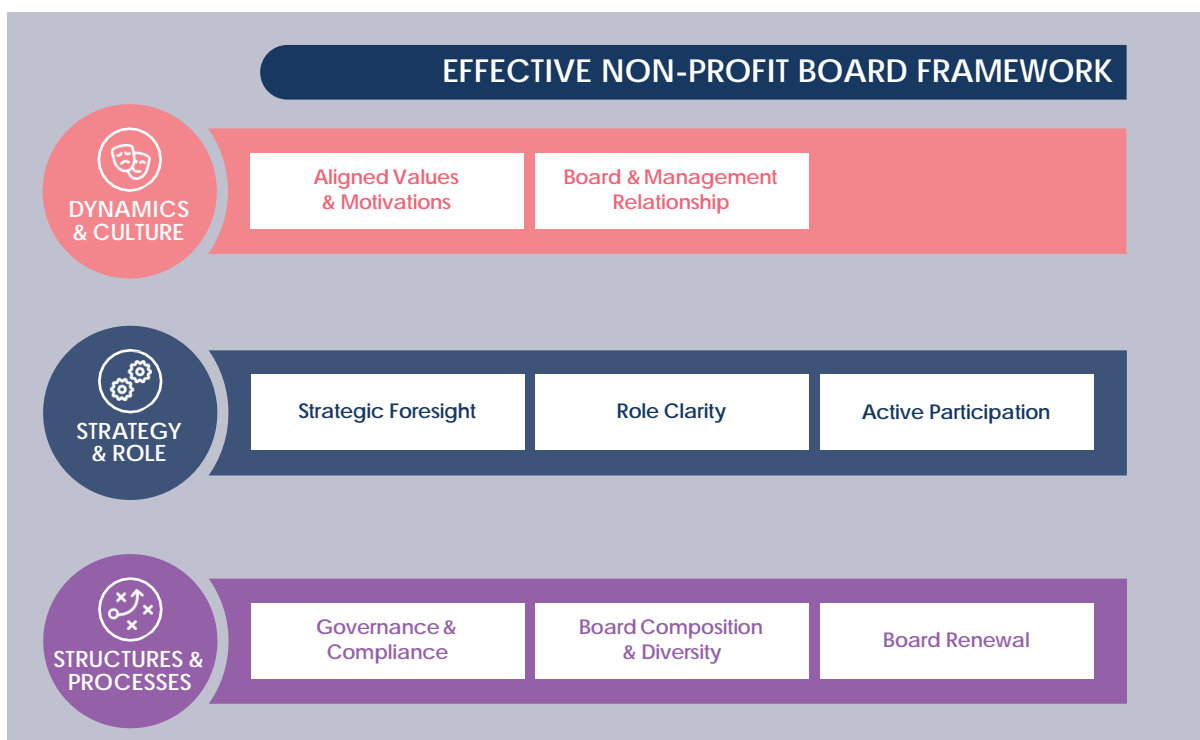
Executive Summary

This Handbook highlights the insights and recommendations from the Board Leadership Study 2019/20 (BLS), which culminates in the development of an *Effective Non-Profit Board Framework*.

Offering a comprehensive view of good Non-Profit Board practices, this empirically-grounded Framework is based on comprehensive literature review, refined through consultations with seasoned Non-Profit Board members and sector administrators, and finally validated by a statistically-backed methodology. It provides an accessible tool for Boards to undertake self-assessment of their performance, identify gaps and get useful tips on how to address them. Other stakeholders may also find the Framework useful for evaluating Boards to guide decisions on capability development initiatives.

An Overview of the Framework

The schema below is developed from the research findings. It consists of eight factors arranged across three levels, which collectively contribute to an Effective Non-Profit Board. All eight factors are essential components of the Board and need to be viewed holistically.



Dynamics and Culture

This refers to how Board members behave, interact and perform as a cohesive unit towards a shared vision. This includes alignment of values and motivations among Board members, as well as how Board and Management interact.

Strategy and Role

This refers to intra-Board and Board-Management functional arrangements to ensure that Board is well-equipped to play its strategic role. Participation in various organisational activities further provides Boards with opportunities to engage with stakeholders effectively.

Structures and Processes

These are established routines and processes, for instance, ensuring compliance with the Governance Evaluation Checklist criteria, recruiting for a diverse Board and ensuring the continuous renewal of competent members in every Board cycle.

Key outcomes of Effective Board Leadership

An Effective Non-Profit Board that does well on all the above factors, in turn, performs the following key roles to steward their organisation.

- | | | |
|---|--|---|
| <p>1 Fiduciary Role
Board performs fiduciary duties effectively through competent oversight and sound structures and processes</p> | <p>2 Strategic Role
Board acts as a strategic advisor to Management by ensuring accountability towards stakeholders</p> | <p>3 Generative Role
Board provides Management with perspective and discernment for sustainable value creation</p> |
|---|--|---|

A Guide for Non-Profit Organisations

This Handbook has been curated as a companion for Non-Profit Boards in their developmental journeys. Data and insights are interspersed with practical know-hows for immediate implementation. Boards could choose to apply the Framework learnings to elevate its capabilities holistically or troubleshooting on any specific factor of concern.

However, it is worth noting that there is no fixed formula for an effective Board that suits all Non-Profit Organisations. It is therefore important for a Non-Profit Board to determine its leadership style and adopt the recommendations in this Handbook selectively – such that it fits its circumstances, values, size and history.

The following section outlines three Key Areas for Growth for the Non-Profit Boards distilled from the Study's findings. Non-Profit Boards surveyed have identified these areas to be important for the effective running of their Board, but assessed themselves to be currently under-performing on them.

Dynamics and Culture

Boardroom dynamics broadly refers to how the Board members work with each other (and interact with Management) to collectively make decisions. It acts as a force multiplier that contributes towards the overall Board performance. A healthy Board culture is one that promotes the alignment of values, mutual respect and commitment from all members.

Aligned Values and Motivations

Respondents share how trust and openness with one another lead to a strong partnership between the Board and Management being established. Boards that experience high-trust relationships with executives¹ do not feel the need to assert their authority. Conversely, when there is an unresolved conflict between any staff and the Board, or within the Board, the Non-Profit Organisation's productivity and reputation with the broader community may be negatively impacted.

Board and Management Dynamics

Effective communication of clear goals to Management is key to creating healthy and productive relations between Staff and the Board. The role of the Board is two-fold. By maintaining discipline and harmony at the directors' level, the Board **sets the ethical tenor and culture for the rest to follow.** At the interface between Board and Management, **whenever there is a deliberation of key matters, the Board contributes by framing problems from an objective perspective, coupled with providing fresh insights from broad disciplines.** This may encourage paradigm shifts in thinking within the leadership team, which is often the precursor for pioneering new initiatives.

“No matter where and how the lines are drawn, it is more important that there is clarity and understanding between the Board and management...So, an agreed framework and working relationship between the Board and management is even more critical.”

- Dr. Fermin Diez, in *Doing Good in Singapore Part I (Chapter 5: Future-Ready Boards)*

Key Area for Growth: Communicating Clear Goals

Communicating clear goals to management is critical in achieving the organisational objectives, however only 26% of Non-Profit Organisations' leaders consider it to be an important attribute.

¹ Mary Hiland. (2006). Effective Board Chair-Executive Director Relationships: Not about Roles!

Strategy and Role

There seems to be a growing focus on strategic matters among Boards that adopt the shared leadership model. **In such a model, the Board primarily provides overall strategic direction while the Management undertakes execution and administration.** This is apparent in Boards that progressively allocate more of their time to assess key opportunities and threats, and review and modify strategic plans, as their Non-Profit Organisation mature.

“When we started, we will have a lot of hands-on, but as we grew towards having more strategic direction, we make sure we hire the right top senior management, let them run it with less interference.”

- Board Chairperson of an Non-Profit Organisation from the Health Sector

Role Clarity

Strategic leadership driven by the Board is necessary to keep the Management accountable to the organisation’s mission and vision in an evolving external environment. This role extends to constructively challenging Management to assure key stakeholders of the Non-Profit Organisation’s long-term sustainability. **The Board identifies the key stakeholders, or “moral owners”² of the organisation, and represents and safeguards their interests.** In this sense, the Board is appointed by the “moral owners” to exercise its strategic role, by ensuring that the organisation is on track to achieving its missional objectives, while complying with the legal and regulatory requirements.

Strategic Foresight and Active Participation

Effective stewardship requires foresight to ensure that the Non-Profit Organisation’s strategies remain relevant in a constantly evolving environment. This entails the Board having a long-term vision, adopting a multi-stakeholder perspective and actively engaging in various organised events or regular interactions with stakeholders. **Having a robust Stakeholder Engagement Plan also enables the Board to develop empathy.** This is critical especially when responding to contingencies—such as when a pandemic affects critical operations—or communicating difficult decisions—such as reconciling conflicted priorities—transparently to affected parties.

Key Area for Growth: Stakeholder Engagement Plan

Does your Board have a stakeholder engagement plan and outreach strategy?

Only 28% said Yes to having a formalised Stakeholder Engagement Plan.

Despite 23% of respondents having said that Stakeholder Engagement Plan was important, Non-Profit Boards rated their conduct of stakeholder engagement lower than their average score for all the attributes (74% vs 81%).

2 Carver. (2001). Carver's Policy Governance Model in Nonprofit Organisations. <https://www.carvergovernance.com/pg-np.htm>

Structures and Processes

From the interviews, it is evident that many respondents perceive their Board's **structures and processes as foundational to their call of duty**³. This revolves around **communication mechanisms, Board Charters and various policies pertaining to the set up of their Board infrastructure**. Accordingly, to excel in its fiduciary duties, the Board has to first ensure its core policies and procedures are in order and that there are no conflicts of interest. This is the building block for the Board to exercise its moral authority, for example supervising operations, ensuring efficient and appropriate use of resources, as well as fiscal discipline.

“The Board should conduct regular self-evaluation to assess its performance and effectiveness once per term or every three years, whichever shorter.”

- Code of Governance, 2017 (applicable to Charities/PCs in the Enhanced to Advanced tiers)

Governance and Compliance

While going through the Governance Evaluation Checklist (“GEC”) is a good proxy for meeting obligations, this is arguably only the beginning. **Board self-evaluations are integral for effective governance to ensure that the Board is continually equipped with the necessary knowledge, expertise and experience to perform optimally. This is complemented by a keen awareness of current regulatory trends, which enables Board to implement adjacent interventions** such as establishing risk oversight activities or conducting performance reviews to measure and monitor impact.

“[Board Evaluation] is very tricky thing to implement... but if the governance checklist says that we should implement, then it's a good 'excuse' to say that we must implement.”

- Respondent from the Social Service Sector

Board Composition and Renewal

Apart from possessing relevant competencies and experience to lead well, an effective Board embraces diverse perspectives for holistic decision-making. It is imperative for Board members to ensure that their decisions, such as whether to extend their tenure, are always taken in the Non-Profit Organisation's best interest. Establishing effective succession planning and recruitment practices is necessary to ensure continuity in governance, among other priorities such as ongoing Board development initiatives.

Key Area for Growth: Board Self-Evaluation

Has your organisation completed a selfevaluation of Board Performance?

3 in 5 Non-Profit-Boards surveyed have completed a self-evaluation to assess their Board Performance.

Although self-evaluation was deemed by the Non-Profit Boards to be in their top 3 important factors (22%), they rated their conduct of self-evaluation to be lower than their average score for all the attributes (70% vs 81%).

3 Stahlke. (n.d). The Relationship Model™ of Governance. <http://relationshipmodel.com/the-relationship-model/values-based-organizations/>

Key Takeaways- Towards an Effective Non-Profit Board

Dynamics and Culture		
Board provides Management with clear perspective and discernment to sustain value creation		
Practices 	1. Positive values and behaviours , which is a function of motivation and commitment, shape execution strategies that are guided by a shared philosophy/ethos 2. Ensure stable Board and Management relationship to facilitate inquiry, spark generative thinking and make collectively informed decisions	
Top Tips 	<ul style="list-style-type: none"> Set realistic expectations through Board Code of Conduct Formalise on-boarding and orientation programme Evaluate mission and vision evaluation 	<ul style="list-style-type: none"> Design and implement Responsibility Assignment matrix Connect with staff and Board members beyond Board meetings Do periodic self-reflection and/or peer review exercise
Strategy and Role		
Board acts as a strategic advisor to Management by ensuring stakeholders accountability		
Practices 	3. Act in accordance with Board's core responsibilities and expectations as the steward of the organisation 4. Retain a strategic foresight to ensure organisational sustainability and adaptability to external environment 5. Participate in various organisational activities to get insight into implementation effectiveness	
Top Tips 	<ul style="list-style-type: none"> Develop Committees' Terms of Reference Develop scheme of delegation Develop Board Charter Review Board Performance 	<ul style="list-style-type: none"> Exercise strategic due diligence Work with strategic level advisory bodies/ sector enablers Network to share strategic insights and/or broker collaborations
Structures and Processes		
Board performs fiduciary duties effectively through competent oversight and sound structures and processes		
Practices 	6. Exercise accountability through oversight of operational, financial, human resource and compliance activities 7. Balance perspectives, competencies and social/professional connections to excel 8. Continuously refresh Board with new members and meet members' developmental needs	
Top Tips 	<ul style="list-style-type: none"> Attend Governance briefs Conduct Risk Management reviews Undertake In Board effectiveness evaluations Develop board diversity policy 	<ul style="list-style-type: none"> Develop Board skills matrix Develop Board recruitment policy Develop succession planning policy Develop leadership development pipeline Mentoring / coaching

How to use the Handbook?

The Handbook on *Effective Non-Profit Boards* has been designed for Non-Profit Board leaders, as well as other sector partners whose work or interest lies in understanding non-profit leadership.

If you are:

- new to the Non-Profit space and considering joining a Non-Profit Board
- an up-and-coming leader who has recently joined a Non-Profit Board
- a seasoned Non-Profit leader seeking to elevate your Board to the next level
- an inquiring mind looking for holistic perspective on Non-Profit Board in Singapore
- a researcher keen on the Non-Profit leadership ecosystem in Singapore
- a sector partner, sector administrator, funder or other intermediaries working closely with Non-Profit leaders

...we invite you to read the content from cover to cover to obtain an overview of the state of Singapore's Non-Profit Board landscape, factors making up the Effective Non-Profit Board Framework, and finally recommendations for further growth.

If you are:

- a current leader troubleshooting for your Non-Profit Organisation
- a seasoned leader grappling with specific sticky issues in your Board and looking for fresh perspectives
- a practical-oriented leader who wants to go straight into solutioning mode
- a growth-mindset collaborative leader who wants to get in touch with existing resources and support ecosystem
- a trainer, coach or mentor working closely with Non-Profit leaders on specific areas of concern
- a researcher keen to understand specific areas of Board leadership

...we invite you to jump straight to Chapter IV - Recommendations and look for a relevant topic which can be read independently.

Chapter IV - Recommendations is dedicated to the explanation of each of the Framework's factors, along with practical tips for implementation and a helpful checklist to help you take stock of where your organisation is. Look out for helpful legends, such as:

- **Developmental matrix:** Provides a table of approaches to adopt based on various priority areas identified for each factor
- **Practice in Action:** Determines what Board effectiveness looks like for each factor, referring to best practices where applicable
- **Checklist and Resources:** Self-assessment questions to determine any potential gaps

Chapter



Introduction





Photo credit: Caroline Chia

Introduction

The *Handbook on Effective Non-Profit Boards* lends a diagnostic lens for Boards to assess how they perform on the eight factors of the Framework, and brings into focus the core activities that Non-Profit Boards could adopt.

For each factor, the Recommendation covers Developmental Matrix, Practice in Action, and Checklist sections (collectively addressed as “Practices”) to guide practitioners and Non-Profit leaders. The practical advice offered are meant as a helpful guide and need to be calibrated to fit readers’ own Board development plans to ensure effective implementation.

The *Effective Non-Profit Board Framework* is a theoretical model outlining key factors influencing Non-Profit Board Effectiveness and how they inter-relate with each other. Findings from BLS2019/20 show that overall Board effectiveness are determined by the following eight factors⁴:

Level	Factor	Summary
Dynamics and Culture 	Aligned Values and Motivations	Working to align values, culture and behaviours across the Board
	Board & Management Relationship	Shaping decision making by the Board and ensuring effective communication of goals to the Management
Strategy and Role 	Strategic Foresight	Setting effective strategies for the organisation, alongside reviews of programs and service quality to beneficiaries
	Role Clarity	Ensuring Board members understand and can execute their duties in the Board
	Active Participation	Having the Board engage with the organisation effectively, mentoring management and getting involved in major events
Structures and Processes 	Governance and Compliance	Ensuring strong compliance processes in place and monitoring legal, financial and risk responsibilities
	Board Composition and Diversity	Having a diversity of skills, experience, perspectives, demography and backgrounds
	Board Renewal	Developing full cycle succession processes that effectively identify and onboard the right talents, and planning for future leadership transitions

4 After conducting an initial round of qualitative interviews with selected Non-Profit leaders, a standardised questionnaire was developed to survey a wider population, in order to validate factors that were relevant to Board effectiveness in the Singapore context. Using a technique called Structured Equation Modelling, this Framework offers a theoretical model outlining the factors constituting Non-Profit Board effectiveness.

Statistically, the eight factors are interconnected in a specific manner and with varying degrees of strength⁵, which work in tandem to culminate in an effective Board.

The Framework itself is akin to a theory of change, where working through the factors on each level will have a direct impact on the next level and a positive ripple effect on the rest of the factors. Taken together, they provide a holistic view of an effective Non-Profit Board.

The Framework is not a one size fits all. Organisations may find themselves at different stages of the journey or that there are some factors that they may want to focus on because of the set-up of their Non-Profit. Every Board has a unique profile and hence may choose to implement the Framework differently, depending on their level of readiness and the presence of exogenous variables affecting their overall effectiveness,

⁵ Readers who are interested in the statistical details of the model are invited to reach out to The National Volunteer & Philanthropy Centre to find out more. Contact details are available on page 61 of the Report.

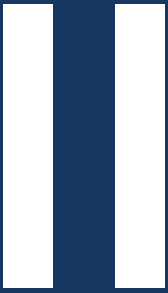
Chapter 
State of Board
Leadership





Photo credit: Joseph Nair

State of Board Leadership

There have been marked progress in the general state of the Non-Profit Boards since the pilot BLS in 2016, with some areas for improvement. This chapter will discuss the implication of each areas in detail.

Area	2016	2020
Board Composition and Diversity (Female representation)	31%	35%
Compliance - Annual report disclosure – Name of Board members	76%	91%
Compliance - Annual report disclosure – Number of Board meetings	24%	66%
Compliance - Annual report disclosure – Attendance on named basis	15%	53%
Compliance - Annual report disclosure – Previous appointments	15%	24%
Compliance – Term of reference formalised	75%	78%
Compliance – Self assessment of Board diversity formalised	33%	62%
Board renewal plan formalised	8%	34%

 Denotes a significant increase since 2016

Board Composition and Diversity

The 2019/20 Study broadened the scope of the question to inquire about the different facets of diversity.

For demographic diversity, the Study found that there was a slight increase of women representation in Board over the past four years. In 2020, 35% of Board members were women, up from 31% in 2016.

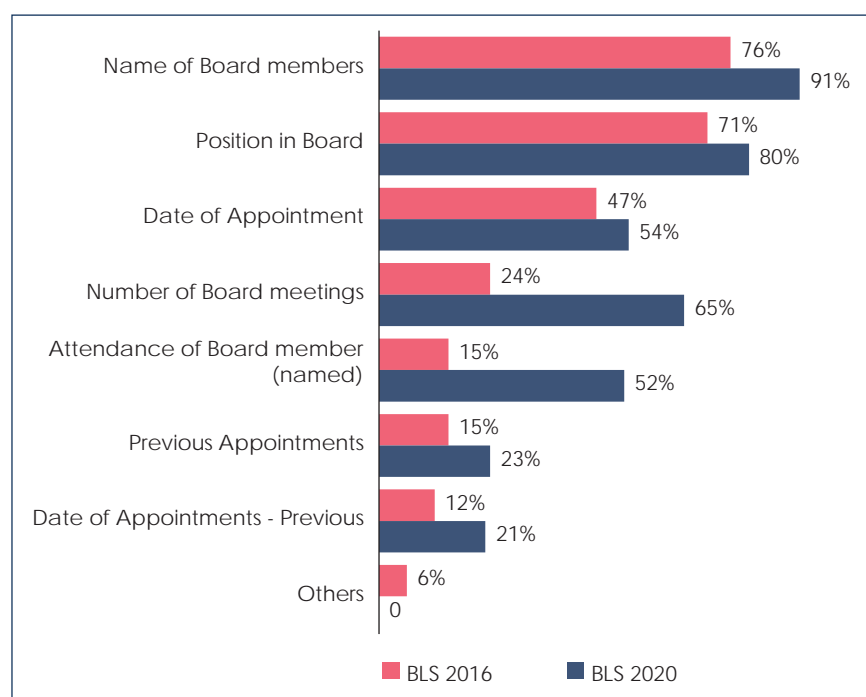
In terms of skills represented on Boards, Board members who possess Information Technology and digital skills were noticeably limited, with only 64% of all Non-Profit Boards surveyed reported having a member with such a skill.

Like the rest of the workforce, digital literacy has become increasingly relevant for Non-Profits. As more services and activities like fundraising move online permanently, digital skills which were once deemed auxiliary in nature will rise to eminence. Non-Profit Boards need to become digitally competent to provide the necessary expertise amidst various digital transformation initiatives. Boards should invest in training and/or recruit members with the necessary digital skillsets to support the Non-profit organisation as it adapts to new operating models.

Governance and Compliance

There is an increase in percentage of Non-Profit Organisations disclosing board-related information on their annual reports over the past four years (see Chart 1). This may be attributable to the introduction of the revised Code of Governance (2017) and requirement for submission of the tiered Governance Evaluation Checklist.

Chart 1. 2016 vs 2020 comparison: Information in Annual report



Question: S8.10 Please select the information that your organisation discloses in the annual report. **Base size:** 2016 n=138, 2020 n=360

There are more Non-Profit Organisations with formalised Terms of Reference and Succession Plan in 2020, compared to 2016 (+4% points and +24% points respectively). This may be attributable to Non-Profit Boards becoming more professionalised, in part due to advocacy efforts from the Charity Council since 2016 which called for a stronger adherence to the Code to raise professionalism of Boards. Such compliance, in turn, seems to bring about positive operational effect. BLS 2019/20 found that Non-Profit Organisations with formalised plans are more likely to carry out the planned activities, as compared to Non-Profit Organisations without formal plans.

Another aspect of compliance that seems to be gaining traction is self-evaluation. Three in five Non-Profit Boards have completed self-evaluation to assess their Board Performance. Interestingly, the same Boards surveyed also rate themselves as underperforming on self-evaluation relative to the average of other measured attributes (70% vs 81%). This may be because some Boards still treat it as a "ticktheboxes" exercise, or have limited resources to properly administer one.

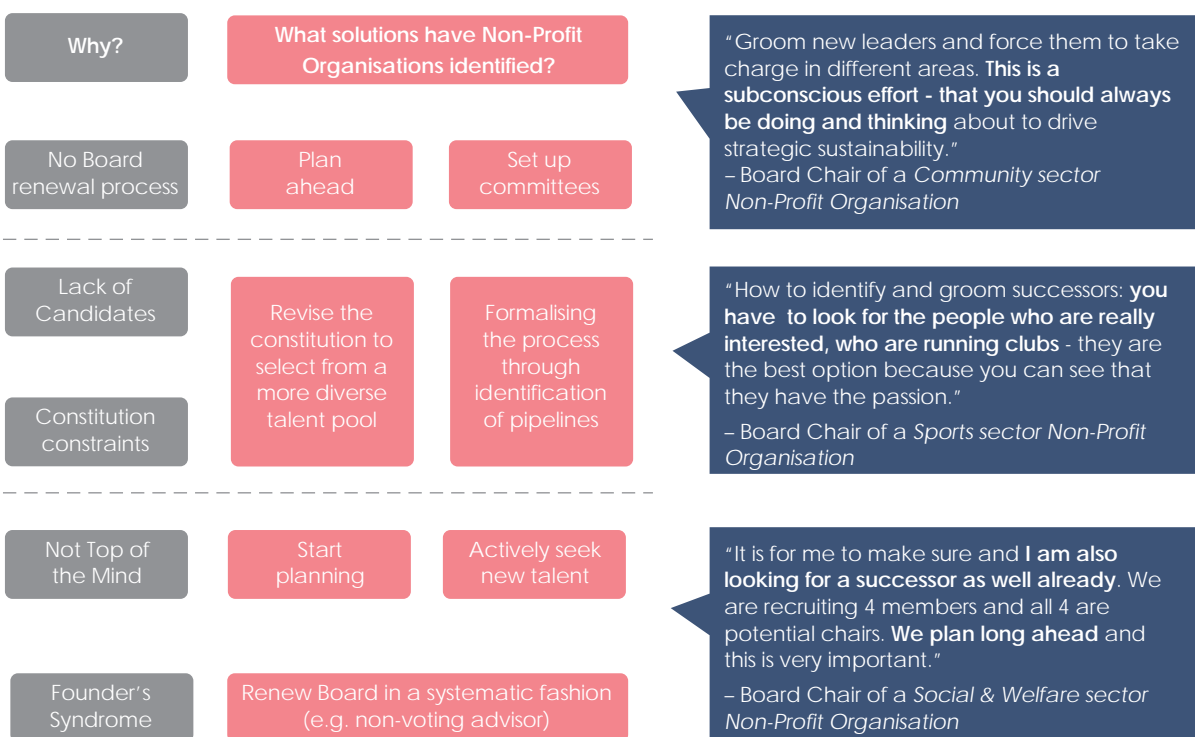
This suggests a strong impetus for adding rigour to the current performance evaluation standards. Currently, only Non-Profit Organisations belonging to the Enhanced and Advanced tiers are required by the Code of Governance (2017) to perform Board self-evaluation regularly. It will require continuous commitment from the Board and support from Management to drive a performance management culture that will serve the best interests of the Non-Profit Organisation, and subsequently the sector at large.

Board Renewal

Over four-fold increase is observed in the formalisation of Board renewal plan over the past four years, from 8% in 2016 to 34% in 2020. However, there is still a long road ahead for Non-Profit Boards.

More than half of the Non-Profit organisations (55%) surveyed do not have a fixed term limit for their Chairperson. This points to the need for strengthening internal Board renewal processes, which could be facilitated through intentional efforts such as active development of successors, peer mentoring and shadowing programmes. Below are some useful insights from interviews with the Non-Profit leaders on the topic:

Practical insights on ensuring leadership continuity




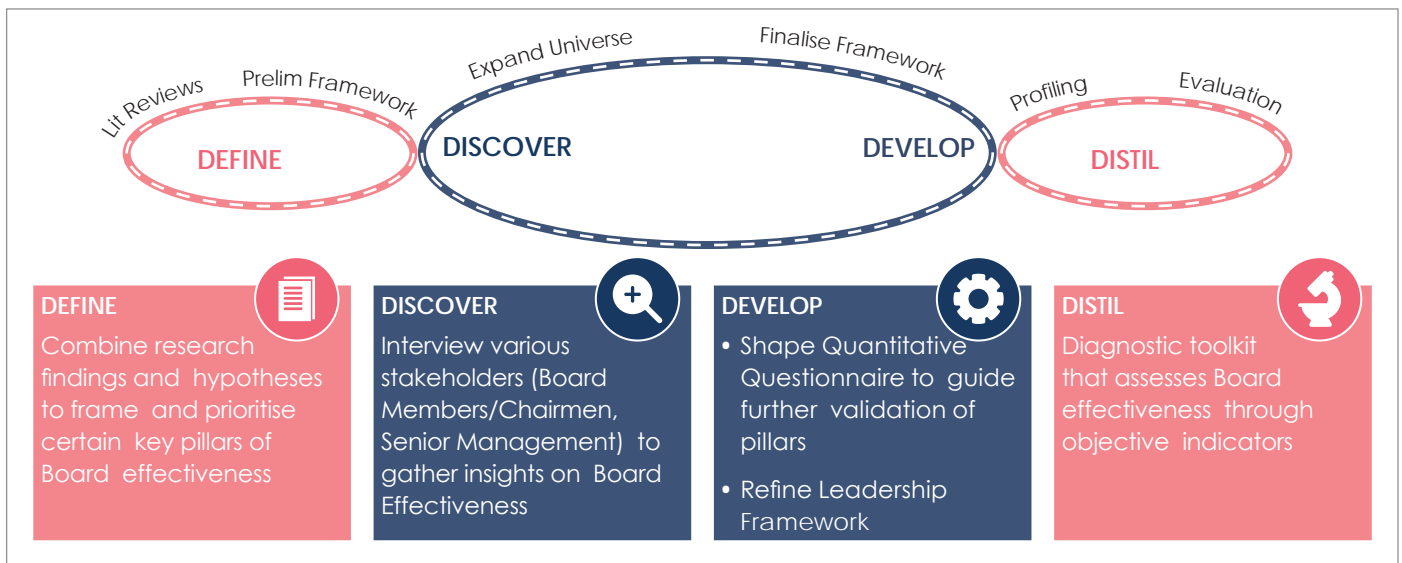
Chapter 
Methodology





Photo credit: Joseph Nair

This research has been a two-year journey, starting with an in-depth literature review that led to 26 qualitative interviews across sectors. This was followed by extensive reviews with Ministries, Statutory Boards and Non-Profit leaders at the end of 2019. In 2020, a field survey with 360 participants from across sectors and financial sizes was conducted to build and validate the final framework and examine the landscape of Non-Profit Organisations in Singapore.



The Qualitative phase of the Study drew from the insights of the literature review of local and global non-profit Board leadership effectiveness.

To understand the Non-Profit Board landscape in the Singapore context, in-depth interviews with selected Non-Profit leaders from various sectors were conducted. These conversations yielded very rich data from each sector and provided perspectives from different leaders—Chairpersons, Executive Directors and Board Members.

However, the unique and diverse nature of every sector made it difficult to fully explore all Board archetypes through a small sample of 26 respondents across 12 organisations. As such, open-ended questions were included at the end of each section of the survey questionnaire to collect additional perspectives that further shaped the development of the Framework.

The Quantitative phase of the study then built on the initial set of qualitative findings. This took the form of a comprehensive survey comprising two separate questionnaires.

The first questionnaire ("Profiling") was designed to gather data on Board composition and structure, its practices and processes, and level of compliance to the Code of Governance (2017). The second questionnaire ("Assessment") was designed to obtain perception-based ratings on various types of performance, categorised into Individual, Collective, Functional and overall Board Performance, as well as Organisational Performance. Respondents were asked to rate their Board and Organisational performance in a consistent and controlled way by using ordinal response categories i.e. Strongly Disagree-Strongly Agree (1-7) and Very Weak-Very Strong (also 1-7) scales. Responses from both questionnaires were then analysed in tandem.

Sample Characteristics

Demographical analysis

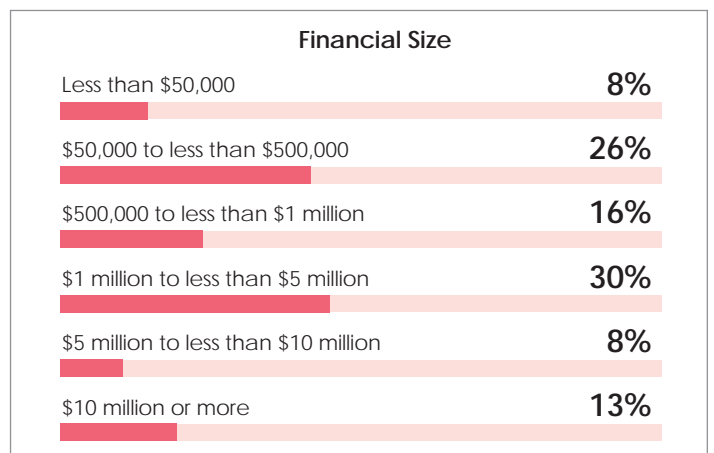
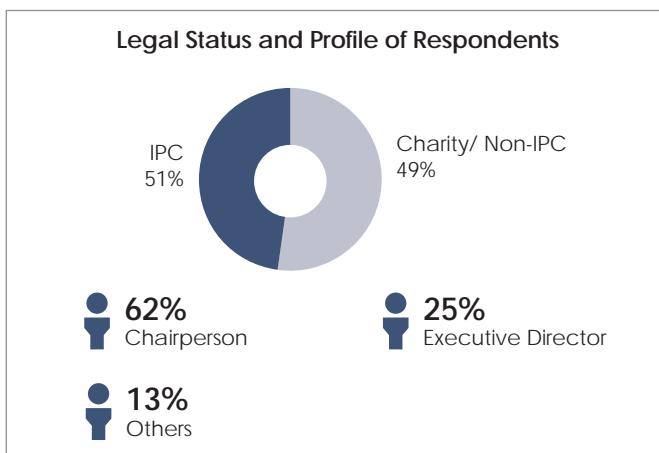
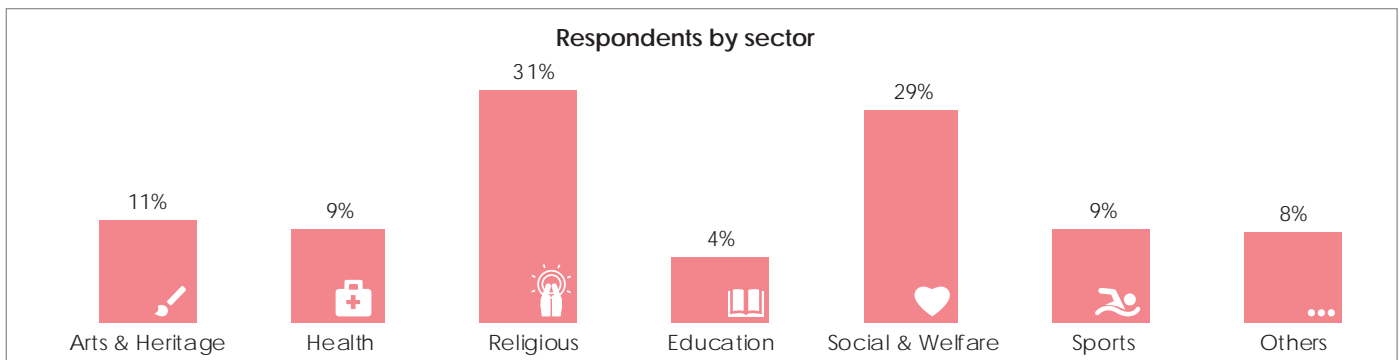


360 Non-Profit organisations Across 8 Sectors

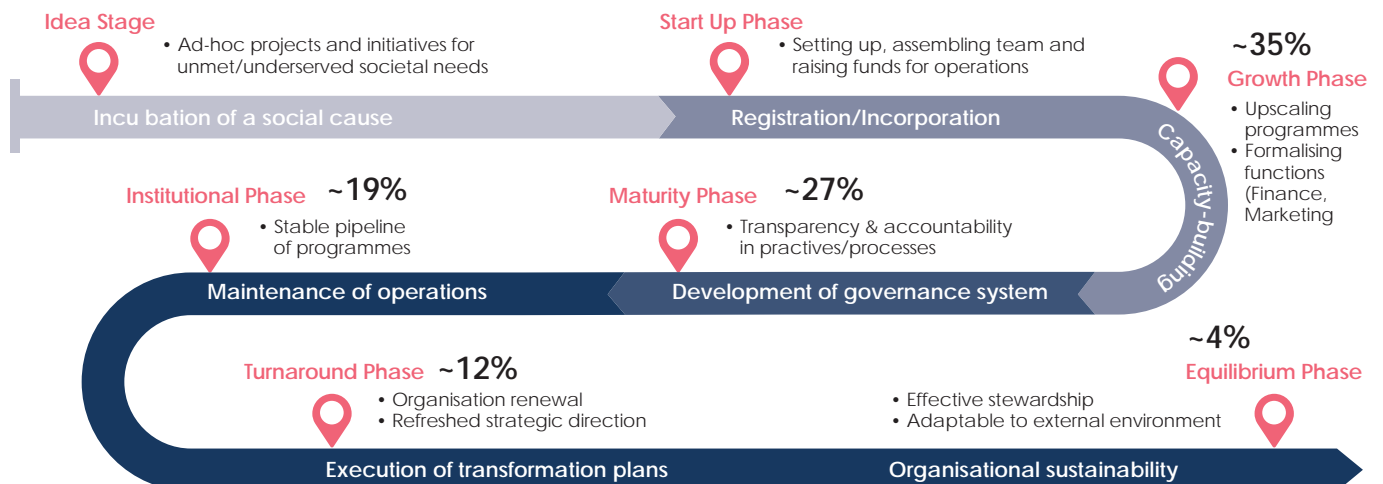
Arts & Heritage | Community Education | Health | Religious Social & Welfare | Sports | Others

224 Chairpersons
136 Others

*Others include Executive Directors, Ordinary Board Members, General Managers, Secretaries, Treasurers, Council Members



Organisational Lifecycle



Adapted from: Male. (n.d). Life cycles of non-profit and non-governmental organisations

Chapter IV

Recommendations





Recommendations-at-a-glance

- Explore and understand the various factors contributing to an effective Non-Profit Board
- Identify and define priority areas based on the factors of the Framework and adopt suitable approaches accordingly through curated pathways based on the 'Development Matrix' section
- Determine what Board effectiveness looks like for each factor, referring to best practices as the Board progresses in its development journey
- Accelerate development by learning from examples of Non-Profit Organisations and/or additional reference materials found in the 'Resources' section
- Administer a self-assessment* through the Checklist provided, noting down whether any gaps exist

*It is important to commit to a time-bound improvement plan, in order to track progress and consider revisiting them when circumstances change

Dynamics and Culture	Strategy and Role	Structure and Processes
<ul style="list-style-type: none"> • Aligned Values and Motivations • Board and Management Relationship 	<ul style="list-style-type: none"> • Strategic Foresight • Role Clarity • Active Participation 	<ul style="list-style-type: none"> • Governance and Compliance • Board Composition and Diversity • Board Renewal

Dynamics and Culture

"Board Dynamics is an important contributor to a well-functioning Board. It is how Board members behave as individuals, interact with each other and relate to management and external stakeholders. Strong Board dynamics can only be achieved with a well-composed Board, clear role definitions and a culture of trust that allows for constructive debates. The collective wisdom leads to compelling strategies and robust decision-making"

- Theresa Goh, Singapore Institute of Directors

Key Outcome:

Board provides Management with clear perspective and discernment for sustainable value creation

There are two factors driving 'Dynamics and Culture':

- **Aligned Values and Motivations**
- **Board and Management Relationship**

Dynamics and Culture

Aligned Values and Motivations

Development Matrix

A common set of values, along with a clear Board mandate that is congruent with members' personal aspirations, is well articulated to motivate Board members and sustain their commitment levels.

Board Effectiveness in Motion	How to Progress
<p>Standards of conduct are communicated to all Board members for adherence</p>	<ul style="list-style-type: none"> • Establish a Board Code of Conduct to ensure that the highest standards of integrity and stewardship are achieved – building a Board that is effective, open and accountable to all stakeholders • Ensure the Code of Conduct informs Board members of the following: <ul style="list-style-type: none"> - General Conduct - Independence - Key roles of Directors - Board Meetings - Interface with Volunteers/ Employees - Legal requirements and policies <p><i>NB: Ensure that the Code of Conduct integrates values to be expected of (Board members e.g. Accountability, Integrity, Mission-focused). As best practice, every new Board member (or existing Board member) may be asked to sign an attestation form on the Code of Conduct.</i></p>
<p>A Board orientation programme for new Board members is formalised to allow all new Board members to receive proper induction and ongoing learning and development opportunities</p>	<ul style="list-style-type: none"> • Prepare Board induction materials (e.g. guides and manuals) containing various information about the Board service to distribute to any new Board member. Recommended materials include: <ul style="list-style-type: none"> - The Non-Profit Organisation's governing document e.g. Constitution, Charter - Board's Code of Conduct - A brief history of the Non-Profit Organisation (Mission and vision) and an outline of the current work; - A recent progress report describing the Non-Profit Organisation's position in relation to any targets or goals; - An Organisation Chart, if applicable - Bylaws and policies - Strategic plan - Financial summaries - Board information - Committee information - Meeting processes
<p>Team-building activities are incorporated into Board retreats, to foster shared commitment and cultivate a sustained interest in advancing one or more of the Non-Profit Organisation's cause(s)</p>	<ul style="list-style-type: none"> • Conduct personal reflection exercises [See the 'Resources' section below], providing Board members an opportunity to evaluate the value proposition of Board membership, and to assess whether their source of motivation is still valid or if there is any sign of service fatigue. At the end of the session, a Board member may raise a request to try out a different role • Develop a stronger Board culture through the usage of organisational artefacts (e.g. Board members are encouraged to wear pinned badges during external engagements) or contributing to at least one event per annum (such as annual fund-raising or recruitment fair) compulsorily, so as to get Board members vested in the Non-Profit Organisation's cause

Aligned Values and Motivation

Practice in Action

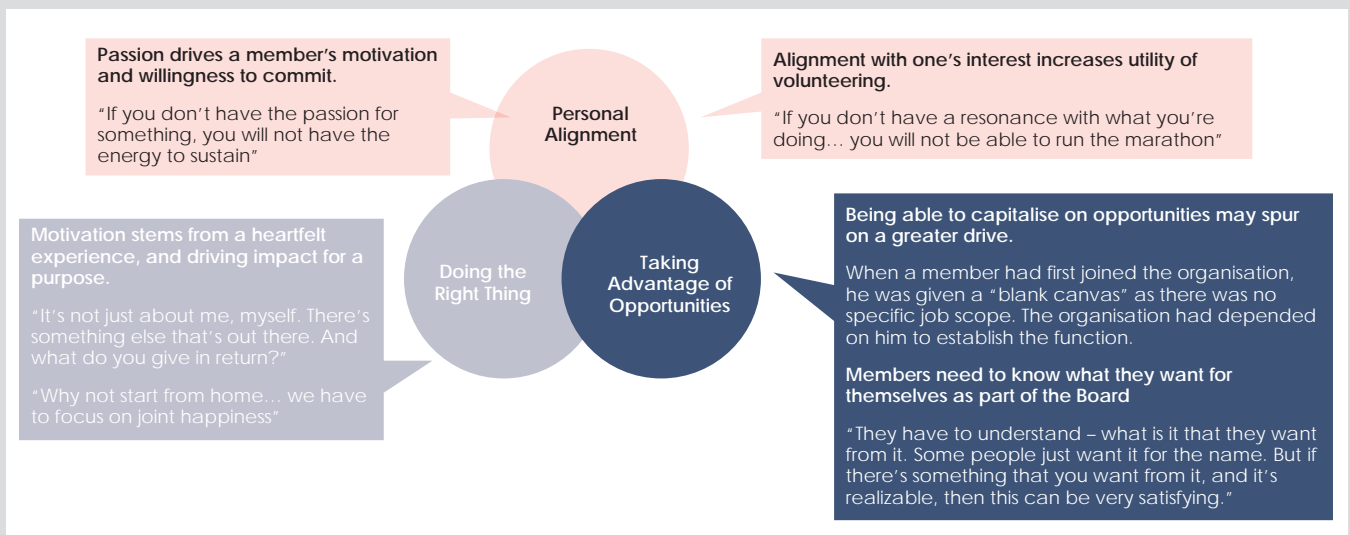
Finding:

Non-Profit Organisation leaders perceived their Boards as having strong alignment of values and motivations. It was the highest rated factor in the *Effective Non-Profit Board Framework* (average score of 91% out of 100%). 'Act in Best interest of the Charity' and 'Passionate about the cause' were the two highest rated attributes out of all 52 (scoring 92% and 91% respectively).

Recommendation:

As best practice, Boards can have an open discussion about the candidate's motivation as part of the interviewing process to screen potential candidates and determine if he/she will fit in with the existing Board's values.

Deloitte. (2013). *The Effective Not-for-Profit Board – A value driving force* (3rd Edition)



"We understand each other better, we understand our motivations. So that when we decide on things, I don't have to elaborate...if we are able to build that rapport amongst ourselves, then at Board meetings, a decision is made where everybody respects each other."

- Chairperson from a Health Sector Non-Profit Organisation

"What you need is actually very strong core. And the thing which we are very fortunate, because if you work with the passionate volunteers, sometimes the kind of resources you bring it, you can't pay... And we've had situations where there's no way we could afford it... it just happens that the volunteer has specialised skill set, and they actually just want to help and then they're willing to just pour themselves in as well. Your best volunteers should be what you want your Board members (to be) as well..."

- Chief Executive Officer from an Others Section Non-Profit Organisation

Aligned Values and Motivation

The checklist below touches on the key actions to progress each practice.

For additional details and the full list of actions, refer to the How to Progress section.

Checklist:

- Board members are performing their roles in accordance with their assigned responsibilities and expectations
- Board operates with transparency i.e. communicate key decisions to stakeholders on a timely basis
- Board discloses information about itself and its work to its beneficiaries, funders/sponsors and the public, where applicable
- Board is responsive to the Non-Profit Organisation's needs and is accountable to its stakeholders
- Board has agreed on a set of common values that underpin its decision-making process to guide Management and lead the Non-Profit Organisation
- The Board has a Code of Conduct to guide its behaviours that are aligned with its ethical and legal obligations

Resources:

- **Leadership Team Values Assessment** (from the Barrett Values Centre)
 - <https://www.valuescentre.com/tools-assessments/lva/>
- **20 Ways to Involve and Motivate Board Members:**
 - <http://richardmale.com/20-ways-to-involve-and-motivate-board-members/>
- **Board Activity** (during a Board meeting) to develop a 'Motivations Grid':
 - Board members will be asked to spend a few minutes remembering their initial motivations for joining the Board, and what motivates them now (if different).
 - Do this either individually or pair up with a fellow Board member
 - **Take turns to share** list with the rest of the Board and gather collective inputs on "What might motivate someone" and "How could you describe this to others"
 - **Review this Motivations Grid** as a group, to determine if the direction of the Board is congruent with their personal aspirations. If necessary, make adjustments or review the Board's forward plan to address any gaps

Board and Management Relationship

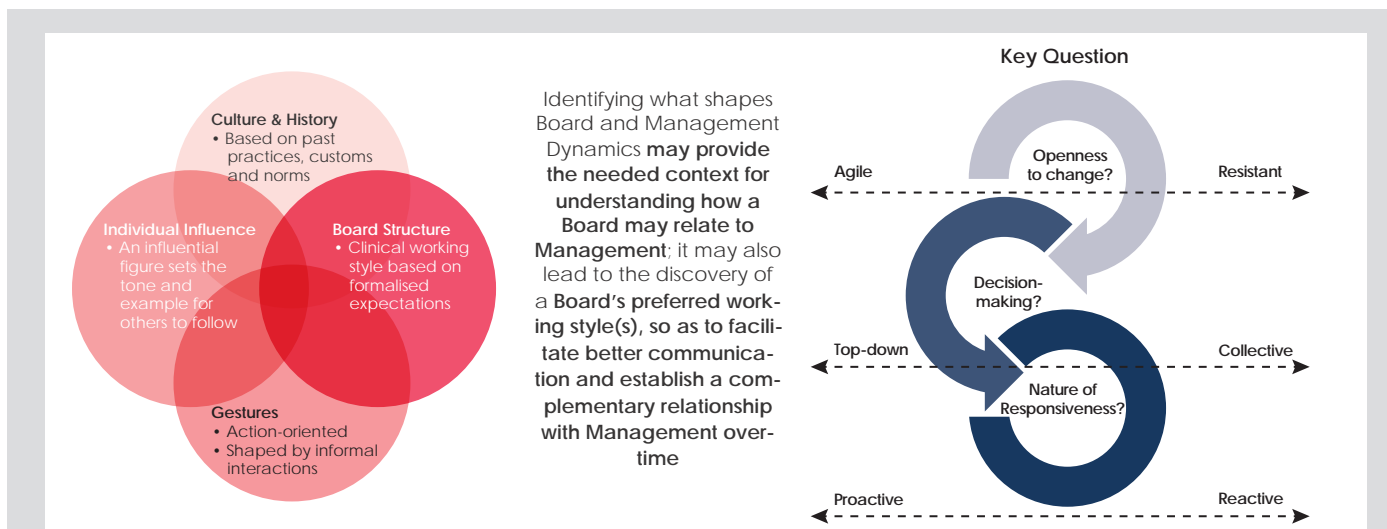
Development Matrix

A transparent and healthy relationship exists among Board members (and with Management) to optimise decision-making, thereby translating Board goals into meaningful action.

Board Effectiveness in Motion	How to Progress
<p>Well defined accountability structures support the Board in distributing work based on various responsibility areas. It also allows new Board members to quickly assimilate into their roles and find their fit easily. Additionally, should conflict arise, it could be quickly resolved through an open forum for rectifying miscommunicated or misaligned expectations</p>	<ul style="list-style-type: none"> • Document a Responsibility Assignment (or RACI) matrix that maps all the activities and decision-making authorities undertaken in an Non-Profit Organisation against all the roles present. At each intersection of activity and role, it is possible to assign someone who is <i>Responsible, Accountable, Consulted or Informed</i> for that activity or decision • An effective RACI matrix addresses the roles and responsibilities of a Board, its sub-committees and its executive staff; some key areas to cover would be: <ul style="list-style-type: none"> - Compliance with regulations - Annual budget approval/ amendment - Monitoring of income and expenditure - Drawdown of investment funds - Strategy - Policies - Support and monitoring of staff • Distribute a 'Matters reserved for the Board' document to Management, detailing specific boundaries across areas such as: <ul style="list-style-type: none"> - Regulations and control - Appointments/ Remuneration/Discipline - Strategic and Budgetary Matters - Policies - Audit and Reporting Arrangements - Monitoring Activities
<p>Regular informal interactions that occur outside the Boardroom are valuable opportunities that promote healthy working relationships with Management</p>	<ul style="list-style-type: none"> • Involve Board members in common Board and/or organisational activities to encourage active participation and dialogue necessary for the building of a collegiate culture • Set aside a common schedule for key activities such as Board retreats where Management is also invited along, or organise informal gatherings with staff to increase the level of social interactions to forge closer ties with one another
<p>Self-reflection and/or peer review exercises allow directors to have an honest appraisal on whether their personal aspirations or goals are being met</p>	<ul style="list-style-type: none"> • Encourage Board members to submit a reflection journal documenting their learning journey and highlights during the year • Schedule Board members for a one-on-one appraisal session with the Board Chairperson to check in on whether their personal aspirations or goals are being met, as well as highlight any areas for attention such as unresolved disputes, provision of opportunities for personal or professional development and etc. for individual Board members • Provide opportunities for upward feedback from Management and vice versa to improve working relationships

Board and Management Relationship

Practice in Action




Finding:

Communicating clear goals to management was rated by 26% of Non-Profit Organisation leaders to be the most important component of Board and management dynamics.

Recommendation:

It is actually a two-way street that requires Management to regularly update the Board while the latter leaves sufficient time for consultation. Over time, this builds reciprocal trust and accountability between them. Ideally, the Board strikes a balance between challenging and empowering Management, in order to achieve the targets set, which both parties jointly take ownership to ensure organisational success in the long run.

 During the interviews, the common theme highlighted was the **importance of calibrating the relationship between Board and Management**. Some tips were offered, and below are some of the excerpts reproduced:

“It’s a bit of a tango (between the Board and the executive committee).” - Executive Director from an 'Others' Sector Non-Profit Organisation

1. The Board has a say in their pick of programmes but they do rely on management to highlight opportunities, and that is the value-add of the management.
2. The Board takes on the strategic responsibility, such as looking at the general direction of the organisation. While new policies or programmes can be proposed from either management or the Board, the key would still be to ensure that the organisation is in keeping with its mission.
3. Depending on how familiar the Board is with the management, the Board has to ensure that there is transparent two-way open communication (early and fair), on areas such as expectations and reporting. This will help to build trust and also promote co-ownership of solutions.

Board should still play an active role in challenging status quo

Board should be engaged in proposing new programmes, surfacing areas of need that falls in the mission and vision of the organisation. However, this does not mean that the Board micromanages the project moving forward, as that still remains with the management.

Board and Management Relationship

The checklist below touches on the key actions to progress each practice.

For additional details and the full list of actions, refer to the How to Progress section.

Checklist:

- Board members share a healthy relationship and work together as a committed and effective team
- Board members' expertise and experience complement one another
- Board members ensure Management is monitored, supported and mentored appropriately
- Decision making at the Board level is informed, rigorous and timely
- Meetings and discussions are progressive and constructive
- Relationship between Board and Management is based on trust and openness
- There are constructive discussions during Board meetings and the Board considers all opinions, views and options without prejudice
- Conflicts that arise are mediated and resolved in a timely manner

Resources:

- For further reading:
 - Vickberg. (2018). Practical Magic for Crafting Powerful Work Relationships. Wiley
 - Wolf. (2014). How Executive Directors and Boards Work Together
 - McKinsey and Company. (2004). The Dynamic Nonprofit: Lessons from High-Performing Nonprofits

Strategy and Role

“Relationship between Board and Management is critical - one that is built on trust and respect. It is insufficient to just hear each other out, you need to fully understand.”

- Kitson Leonard Lee, Head, CNPL

Key Outcome:

Board acts as a strategic advisor to Management by ensuring accountability towards stakeholders

There are three factors driving the ‘Strategy and Role’:

- **Strategic Foresight**
- **Role Clarity**
- **Active Participation**

Strategy and Role

Strategic Foresight

Development Matrix

The Board should shape the direction for the Non-Profit through its mission, strategy, and key policies whilst reviewing its programs and service quality amidst a changing environment.

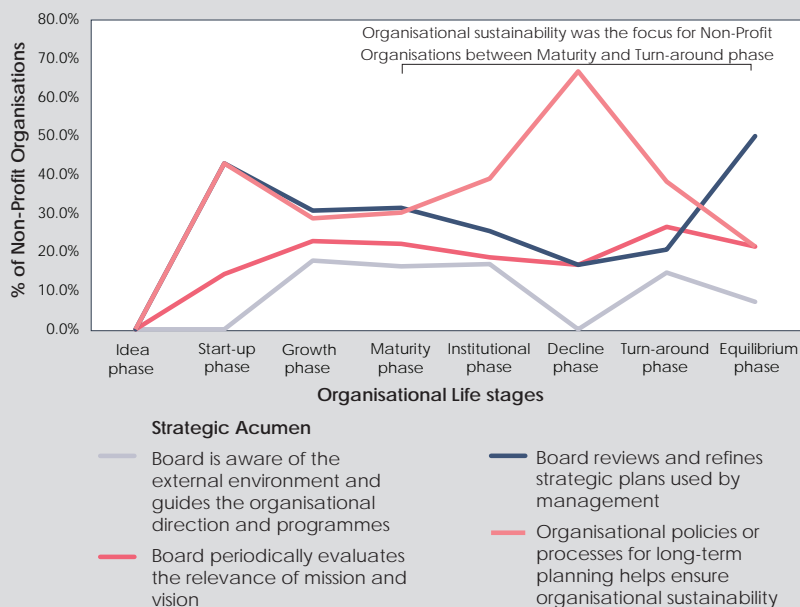
Board Effectiveness in Motion	How to Progress
<p>Conduct periodic strategic reviews through workshops or team strategy off-sites to assess the overall direction of the organisation (and consult stakeholders as a major strategic exercise)</p>	<p>Formalise the strategic planning process</p> <ul style="list-style-type: none"> Design a plan that sets out the expected level of Board involvement, the timing of the process, and the broad framework for developing the strategic plan <p>Implement an explicit and robust formal strategic planning framework</p> <ul style="list-style-type: none"> Formalise key components of the Board's strategic role of having the forward-looking view, and being able to recognise when the organisation has to evolve or transition in a timely and effective manner <p>Adopt a multi-year horizon for strategic plans</p> <ul style="list-style-type: none"> Strategic decisions may not follow a predictable schedule and time horizons may vary across Non-Profit Organisations. To allow for flexible decision-making, Non-Profit Organisation Leaders may: <ul style="list-style-type: none"> Involve management and relevant committees to lead robust discussion of matters at Board meetings Introduce mechanisms (e.g. ad-hoc committees) to address any urgent or ad-hoc decisions from the Board that are required within a shorter timeframe <p>Setting strategic objectives</p> <ul style="list-style-type: none"> As part of a major strategic planning exercise, set strategic objectives that will deliver the mission and remain relevant for the next three years As part of a smaller-scale annual planning exercise, set annual goals will deliver the strategic objectives and remain relevant for the next 12 months Evaluate the Non-Profit Organisation's performance against its strategic objectives <p><i>NB: Strategic reviews should be conducted to align conducted to align the Non-Profit's organisational purpose with its strategic direction. Some organisations do this periodically, typically every three years such that they keep pace with changes in the external environment.</i></p>
<p>Organise external Board consultations/training to execute strategic planning and understand current best practices</p>	<ul style="list-style-type: none"> Engage external consultants to assist in the development and implementation of strategic plans (e.g. SID and SSI) Conduct internal training sessions with senior management to understand best practices and how it can be implemented within the organisation <p><i>NB: Board members need to recognize the multiplicity of their role in strategic planning:</i></p> <ul style="list-style-type: none"> To put an alternative case to the shorter-term imperatives that may preoccupy staff Share experience of the longer-term history and issues of the organisation that may impact on planning Contribute views 'from the outside' when assessing the public engagement considerations
<p>Conduct sector research and outlook via forums/ engagement sessions that report on sector-specific trends and evolving needs</p>	<ul style="list-style-type: none"> Participate in forums and engagement sessions that discuss key developments in the external environment Conduct sector research to monitor key trends on the evolving needs of key stakeholders through landscape reports and sector briefings [See the 'Resources' section below] Engage senior management on key areas of focus and potential adaptive strategies

Strategic Foresight

Practice in Action

Finding I:

The diagram below (adapted from the study) illustrates the current state of the Non-Profit Organisations strategic acumen vis-à-vis their perceived organisational life stage phase.



Recommendation:

In developing its Strategic Foresight, Boards should consider its developmental journey throughout the various organisational lifestage phases. It is therefore important for Boards to have a long-term perspective even at the nascent stage of development, so that it is prepared to address any existential risks as the Non-Profit Organisation matures.

Finding II:

Only 28% of Non-Profit Organisations stated they have formalised a stakeholder engagement plan. Although deemed to be an important attribute of a Board's Strategic Foresight, Non-Profit Organisations rate themselves as performing below average in this area.

Recommendation:

Stakeholder engagement is one of the attributes requiring additional focus as its perceived importance does not match its current performance. Due to COVID, it is increasingly important that Non-Profit Organisations understand and can cater to the needs of all of their stakeholders from Funders down to Beneficiaries and volunteers.

“Strategic reviews are important to scan the environment to assess organisational relevance. The strategic review is helmed by the Board, and informed by Management.”

- Chairperson from a Social and Welfare Sector Non-Profit Organisation

“One key thing is to look at your vision and mission. Are you really able to serve your stakeholders in the best way possible given the current thought leadership at Board level?”

- General Manager from a Sports Sector Non-Profit Organisation

Pro-tips:

Strategic leadership driven by the Board is necessary to keep Management accountable to the Non-Profit Organisation's mission and vision in an evolving external environment.

This role extends to challenging Management constructively so as to provide key stakeholders with the assurance of the Non-Profit Organisation's long-term sustainability.

Strategic Foresight

The checklist below touches on the key actions to progress each practice.

For additional details and the full list of actions, refer to the How to Progress section.

Checklist:

- The Board operates at a strategic level in providing oversight and direction for the organisation
- The Board is aware and able to identify key stakeholders for the organisation (*i.e. service users, beneficiaries, staff, members, funders and partners*)
- The Board has a strategy in place for effective communication with identified key stakeholders
- Stakeholder views inform the organisation's planning, decision making and strategic reviews
- The Board uses environmental scanning or similar strategic tools to identify emerging opportunities, challenges or risks for the organisation
- The Board sets realistic targets for the organisation's direction

Resources:

• Strategic planning tools

- The Social Service Institute (SSI), known as the SGOOD Essential series, offers relevant courses for Board development under the SGOOD Essentials series, covering topics such as 'Strategic Decision Making'
- SSI also partners Decision Processes International Asia (DPIA) to offer courses in strategy development, such as Strategic Innovation, Strategic Planning and Strategic Thinking.

https://www.sid.org.sg/Web/Professional_Development/Courses/Essentials/NPO/Governance_For_Outstanding_Organisation_Directors_Programme.aspx

• Landscape Studies and Research Reports

- Centre for Social Development Asia (NUS)
- Lien Centre for Social Innovation (SMU)
- Individual Giving Study (NVPC):
<https://cityofgood.sg/resources/individual-giving-study-2018-findings/>
- Corporate Giving Survey (NVPC):
<https://cityofgood.sg/resources/corporate-giving-survey-2017/>
- National Council of Social Services (NCSS):
<https://www.ncss.gov.sg/Press-Room/Publications>

• Voluntary Welfare Organisations-Charities Capability Fund (VCF) Consultancy Grant

- VCF Consultancy Grant provides co-funding for the engagement of external consultants for governance and management consultancy project
- <https://www.charities.gov.sg/Grants/VWOs-Charities-Capabilities-Fund/Pages/Consultancy-Grant.aspx>

Role Clarity

Development Matrix

Ascertain that all Board members understand and are able to execute their duties expected of their role.

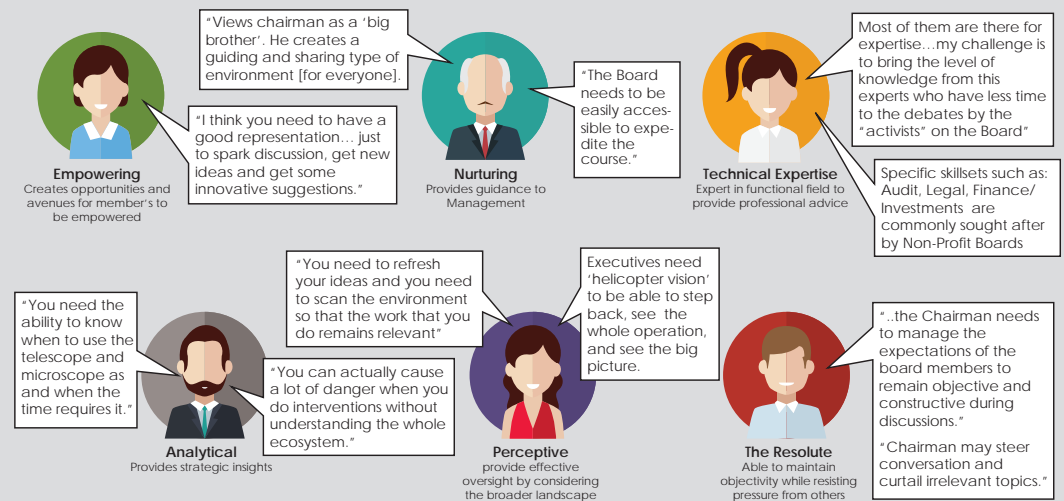
Board Effectiveness in Motion	How to Progress
<p>The Board adheres to the Terms of Reference (TOR), which is kept up-to-date through reviews at an appropriate frequency</p>	<ul style="list-style-type: none"> • Develop a Terms of Reference that identifies key roles within the Board, the corresponding responsibilities and the reporting lines • Structure the Terms of Reference such that it extends to supporting roles that are required to execute the key responsibilities effectively, as well as incorporating a monitoring and evaluation mechanism to facilitate continuous improvement <p><i>NB: The Terms of Reference should set out the responsibilities of the Board and its committees, especially those decisions that require the prior approval of the Board. It also helps to ensure that no expectation gaps between the Board, management and other stakeholders exist with regards to the Board's role. Further, it could serve as a foundation for the Board's self-evaluation of its effectiveness in carrying out its responsibilities.</i></p>
<p>The Board has an established framework for decision-making i.e. a Scheme of Delegation showing what authority the Board has delegated to committees, other volunteers or staff under the powers of the Constitution.</p>	<ul style="list-style-type: none"> • Introduce the Scheme of Delegation to communicate the delegation of authority to the relevant personnel on a timely basis such that there is understanding and clarity of their roles • Schedule a review of the Scheme of Delegation at an appropriate frequency (e.g. every year) to ensure relevance as priorities of the Non-Profit Organisation do evolve with changes in key regulations, working arrangements, new programmes and services offered etc. • Ensure that matters reserved to the Board are clearly communicated to the relevant committees or Management and regularly reviewed <p><i>NB: The Scheme of Delegation empowers and enables timely and effective action by volunteers and staff working in partnership for the benefit of the Non-Profit Organisation and its beneficiaries. It ensures an appropriate level of delegation from the Board so that there is effective input into decision-making. Moreover, adopting a structured approach to making decisions will also prevent Boards from acting reactively and maintain objectivity at all times</i></p>
<p>Board reviews its key objectives regularly with its members and committees, evaluating members' contributions towards the Non-Profit Organisation's strategies and mission</p>	<ul style="list-style-type: none"> • Conduct a Board staffing review periodically (e.g. every 6 months) to assess if the Board members' role is understood and being carried out against the Terms of Reference • Develop an on-going training and development and/or mentorship plan for Board members to continuously develop their competencies that will enable them to excel in their responsibilities

Role Clarity

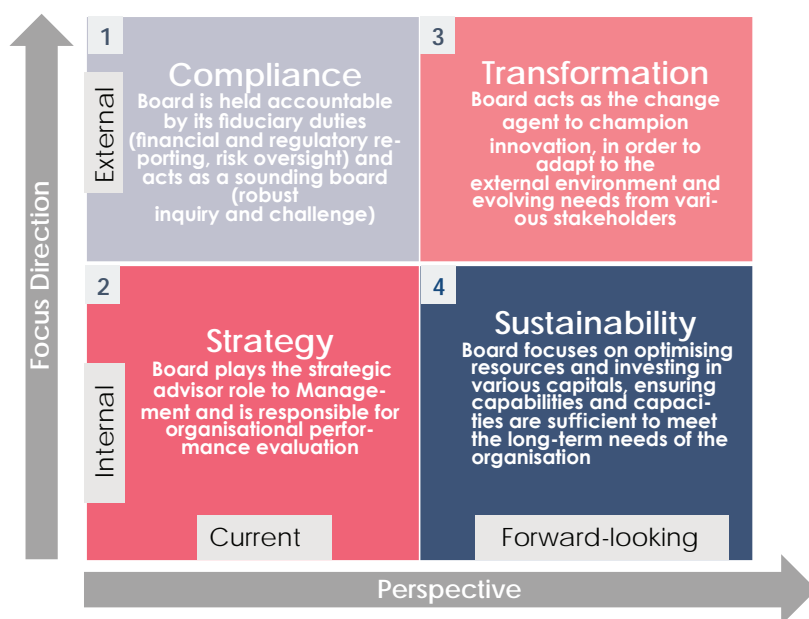
Practice in Action

Throughout the study, respondents shared their views on the various Board roles that would have made a positive impact, leading up to greater Board effectiveness. The diagram on the right shows the six key traits gleaned from interviews conducted with Board members, each with their unique strengths that collectively contribute to the advancement of the Board's goals and key mandate(s). Board members may do well to develop or hone these traits in order to carry out their duties more effectively.

Board Member Archetypes



Taking it a step further, the universal role of the Board may be defined by a 'Board Priorities Grid' [see below], mapping out the various responsibilities that the Board often has to toggle between - the internal/external dimensions of organisational affairs, as well as the assessment of immediate/long-term impacts affecting the Non-Profit Organisation. Recognising which stage of maturity the Non-Profit Organisation is at will enable the Board to have a better handle on how to prioritise its developmental efforts so as to steward the Non-Profit Organisation well. This calls for rigorous review of current state, deliberating on key issues affecting the Board's operations and accordingly the Non-Profit Organisation's strategic direction.



"The current Board members – they are bringing something to the table, everybody is in the right portfolio to deliver what they want."

- Vice President from a Sports Sector Non-Profit Organisation

"What we want to do is for the Board not to be operational, but for our Board to some extent provide the connections not for fundraising, but more for understanding of what we need to do in the changing external environment."

- Chairperson from a Health Sector Non-Profit Organisation

Role Clarity

The checklist below touches on the key actions to progress each practice.

For additional details and the full list of actions, refer to the How to Progress section.

Checklist:

- Board focuses on the direction, performance and assurance rather than operational matters
- Where Board members are also directly involved at the operational level (e.g. volunteer or member of paid staff), they are clear about their roles at any given time, and recuse themselves from any decision making if there is a conflict of interest
- Board supervises delegated authority without prejudice and there is no undue influence on one party to the other
- There is sufficient clarity around what has been delegated by the Board to Management, supported by appropriate communications and monitoring in place
- All Board members know where they fit in the overall governance of the Non-Profit Organisation and are fully aware of what their responsibility of oversight entails

Resources:

• Sample Board Governance templates

- Board Committees and Terms of Reference: https://www.charities.gov.sg/Documents/Sample_TORs_Board_Committees.pdf
- Board Policy Manual for Non-Profit Organisations: https://www.charities.gov.sg/Documents/Sample_Board_Policy_Manual_for_Non-Profit_Organisations.pdf
- Job descriptions of Officer Bearers: https://www.charities.gov.sg/Documents/Sample_Job_Descriptions_of_Office_Bearers.pdf
- Statement of Individual Board Members' Responsibilities: https://www.charities.gov.sg/Documents/Statement_of_Indv_BM_Responsibility.pdf
- Take the CliftonStrengths Finder: <https://www.gallup.com/cliftonstrengths/en/253832/cliftonstrengths-for-teams.aspx>
- Board Archetypes: <https://causestrategypartners.com/five-archetypes-great-Board-members>

Active Participation

Development Matrix

The Board is keen to learn about the Non-Profit Organisation's programmes, mentors Management and immerses itself in various activities, such as attending major events.

Board Effectiveness in Motion	How to Progress
<p>Develop a Board Members' Charter that describes the member role descriptions, responsibilities and key tasks that a member is required to carry out</p>	<ul style="list-style-type: none"> Define the key role descriptions, specific duties and corresponding time commitments expected for each of the Board members (i.e. meeting attendance, attendance at major events and involvement in group discussions with Management) Communicate the Board Members' Charter to all Board members such that they are fully aware of the expectations of their role in terms of time commitment and participation <p><i>NB: The Board Members' Charter is a more detailed version of the Terms of Reference that provides an informative role description which includes an indication of the time commitment expected from Board members and any specific duties expected of that role. To reinforce commitment, every new Board member (or existing Board member) may be asked to sign an attestation form upon entry (or at a regular interval)</i></p>
<p>Develop a Board agenda/work plan that contains common events and activities in the governance and management of the Non-Profit Organisation and informs Board members in advance to facilitate the planning of commitments</p>	<ul style="list-style-type: none"> Develop and communicate the agenda (and relevant materials) prior to every Board meeting to prepare member for the meeting Develop an annual Board calendar/schedule (e.g. a schedule of forthcoming Board meetings, organised events, planned review activities) as part of the work plan Communicate the Board calendar/schedule with all Board members effectively as part of the Board agenda <p><i>NB: The Board agenda should inform members as much as possible about what to expect at the meeting. It is also useful to draw up a calendar of annual items such as agreeing on the budget, approving the annual report and financial statements so that they can be scheduled appropriately</i></p>
<p>Communicate the Board member participation expectations within the recruitment criteria such that the Board is able to select the candidates that are better suited to commit to the organisational goals</p>	<ul style="list-style-type: none"> Communicate key expectations of the Board member roles (i.e. meeting attendance, attendance at major events and involvement in group discussions with Management) to potential candidates Ensure that Board member participation expectations are embedded into the Board's recruitment and renewal policy as part of the recruitment assessment criteria Seek formal consent from new Board members by issuing a letter of appointment prior to onBoarding to clarify Board role expectations

Active Participation

Practice in Action

Finding:

Participation in this context refers to Board's participation with the organisations (e.g. volunteering in the organisation programmes, participating in major events of the organisation, as well as mentoring and providing inputs for staff).

Participation of board members in organisational activities was more evident amongst religious Non-Profit Organisations who scored 86%, in this regard as compared to the overall sectoral score of 82%.

Further, Non-Profit Organisations of smaller Financial size (under \$10,000,000) outperform larger Non-Profit Organisations (over \$10,000,000) in terms of their Board members' participation in the Non-Profit Organisation. This could indicate that smaller organisation's Board is more engaged and involved in the organisations' mandate. This could indicate that Boards in smaller organisations may be more engaged and involved in the organisation's mandate.

Recommendation:

To have members that are fully engaged and participative, there has to be sufficient opportunities for personal growth, availability of interesting projects, and most importantly, the empowerment to contribute to a purpose larger than one self. In order to sustain their commitment level, it is equally important for the Board to be purpose-driven, so that Board members may "have a resonance with what they are doing", subsequently developing new passions aligned with the Non-Profit Organisation's various causes.

"I see all of us one and together - the board, the management and CEO as being one together to achieve the mission together."

- Chairperson from a Social and Welfare Sector Non-Profit Organisation

"If you don't have the passion for something, you will not have the energy to sustain"

- Board Member from an 'Others' Sector Non-Profit Organisation



Pro-tips:

Board members have to recognise that it is a dynamic role involving due diligence all year round instead of mere hourly participation in Board meetings or ad-hoc appearances in major functions and events.

Ultimately, Board members are ambassadors of the organisation. Taking on a fiduciary role also means building and gaining the trust of stakeholders – beneficiaries, donors, partners and society – this certainly requires effort on the part of Board members to develop empathy and deepen knowledge on the ground through participation in various Non-Profit Organisation activities.

Active Participation

The checklist below touches on the key actions to progress each practice.

For additional details and the full list of actions, refer to the How to Progress section.

Checklist:

- All new Board members receive a proper induction that introduces them to their responsibilities and the charity

- The Board meets often enough to achieve its responsibilities and be effective

- Board meetings are well planned, structured and productive and the Board members are able to keep within the meeting agenda and scope

- All Board members come prepared for Board meetings

- Board members in attendance have their opinions heard equally during meetings

- Board meeting attendance is satisfactory

- All Board members take seriously their responsibility of being ambassadors for their organisation and invest sufficient time on the ground

Resources:

- **Discussion Guide for Boards to cultivate advocacy for the mission**
 - <https://standforyourmission.org/wp-content/uploads/2014/09/Discussion-Guide.pdf>
- **Tip sheet for Initiating candid conversations on challenging topics** (to elicit higher levels of engagement from Board members)
 - <https://www.councilofnonprofits.org/sites/default/files/documents/tip-sheet-candid-conversations-Board-governance.pdf>
- **Strategies for dealing with inactive Board members**
 - <https://blueavocado.org/Board-of-directors/what-to-do-with-Board-members-who-don-t-do-anything/>

Structures and Processes

"A thriving charity sector is like a house with a strong foundation. In today's dynamic environment, with new modes and platforms of giving, we want to enable and empower charities to build strong foundations of good governance and accountability."

- Dr Ang Hak Seng, Commissioner of Charities, Annual Report 2017

Key Outcome:

Board performs fiduciary duties effectively through competent oversight and having sound structures and processes in place

There are three factors driving 'Structures and Processes':

- **Governance and Compliance**
- **Board Composition and Diversity**
- **Board Renewal**

Structures and Processes

Governance and Compliance

Development Matrix

Ensure strong compliance policies and processes are in place for oversight of legal, financial and risk areas.

Board Effectiveness in Motion	How to Progress
<p>Continuously improves awareness of legal and fiduciary duties</p>	<ul style="list-style-type: none"> • Develop Board guides and manuals for newly inducted members to undergo a comprehensive onBoarding programme that addresses various Board's matters (e.g. compliance with relevant regulations, Legal, Audit and Risk topics) • Attend charity governance conferences organised by the Charity Council • Access to technical briefings and subscription newsletters to obtain specialist governance advice from professional/ accredited bodies (e.g. Singapore Institute of directors and Institute of Singapore Chartered Accountants and etc.) to keep up to date on key developments • Attend Board training to enhance skills that are important for governance <p><i>NB: As smaller Non-Profit Organisations may not readily have access to self-help resources or know how to use them effectively, having access to consultancy/legal clinics to aid them in the interpretation of regulatory guidelines (e.g. on Fundraising) and specific compliance requirements (e.g. Charities Accounting Standard) will be useful.</i></p>
<p>Performs oversight duties through reviews with appropriate frequency and diligently monitor the Non-Profit Organisation progress against stated objectives and annual work plans</p>	<ul style="list-style-type: none"> • Introduce risk identification and assessment in Management reporting to monitor the risk of reputational loss, service efficiency and quality • Use tools such as risk registers, compliance checklists, organisational performance scorecard (e.g. Key Performance Indicators) • Evaluate whether the Board is reliably obtaining key insights about the Non-Profit Organisation on a timely basis, closing in on any information gaps when identified • Identify and activate several key channels for information flow to the Board to enable verification and validation of information
<p>Conducts Board Performance Evaluation to measure own performance objectively, based on the explicit goals and strategies tied to achieving the mission as intended</p>	<ul style="list-style-type: none"> • Administer Board reviews internally; this is usually undertaken by a Governance/Human Resource Committee • Engage an independent consultant to evaluate Board performance periodically (i.e. every three years) and identify improvement areas for further development through PulseCheck 360 and other resources [See the 'Resources' section below]

Governance and Compliance

Practice in Action

Finding I:

While the Code of Governance requires Board members to attend trainings relevant to their roles, only four out of ten Non-Profit Organisation Leaders have reported that all their members have attended the relevant trainings.

Recommendation:

Providing structured learning for directors may sometimes not be feasible for many Non-Profit Organisations due to budget or time constraints. A viable alternative would be to search for free or inexpensive learning resources (at subsidised rates) available online by sector partners and professional bodies [See the 'Resources' section below]. To facilitate continuing Board education (CBE), Boards may consider conducting sessions either during an annual board retreat (or in conjunction with board meetings), keeping Board members up-to-date on emerging issues, such as relevant new laws, regulations and governance best practices.

Finding II:

Three in five Non-Profit Organisation Boards have completed self-evaluation to assess their Board Performance. Although Board self-evaluation is deemed

to be an important attribute in the area of compliance, Non-Profit Organisations rate themselves as performing below average in this area.

Recommendation:

When it comes to self-regulation, such as Board self-evaluation, it is important not to treat it as a 'paper exercise'. Boards with the mindset of learning and development will continuously seek opportunities for growth and improvement. Typically, this is undertaken by the Governance Committee, which is responsible for ensuring compliance of the Board and organisational affairs with the policies and procedures (including coordinating the evaluation of Board performance) in place.

While some Boards may undertake a more informal approach towards self-evaluation, a lack of a formalised approach to review the Board's effectiveness could result in a lack of self-awareness. This would have implications on the Boards being able to identify opportunities for improvement and change practices or leaders.

Deloitte. (2013). *The Effective Not-for-Profit Board – A value driving force* (3rd Edition)

"A strong, vibrant Board of directors is a clear indicator of a healthy organisation. Yet even the best organisations need a periodic check-up to ensure that they cannot just survive but will really thrive in today's environment. To check your Board's vital signs, or to put in place practices and strategies for a healthy and energised Board, the best place to start is with a Board self-assessment."

- Maine Association of Non-Profits

Pro-tips:

1. Determine baseline

Obtain greater self-awareness by gathering key facts on Board legal responsibilities and the expectations of all relevant stakeholders

2. Align Board vision with Non-Profit Organisation's mission

Reflect on the state of effectiveness Board wants to achieve and its strategy for articulating, refining clear and comprehensive mandates

3. Execute governance improvement (work) plan

Codify a set of manageable targets and actions, including a timetable for the attainment of each activity (i.e., a Board plan).

Deloitte. (2013). *The Effective Not-for-Profit Board – A value driving force* (3rd Edition)

Governance and Compliance

The checklist below covers the key actions to progress each practice.

For additional details and the full list of actions, refer to the How to Progress section.

Checklist:

- Policies are enacted by the Board to safeguard and allocate the Non-Profit Organisation's resources (e.g. assets, reputation, staff and etc.)
- Board carries out legal and fiduciary duties with diligence (including having access to appropriate professional advice or external counsel on legal and compliance matters)
- Board periodically reviews its performance and effectiveness to ensure that they continue to meet the Non-Profit Organisation's governance needs.
- Decision making at the Board level is informed, rigorous and timely
- Board oversees financial and internal control systems, policies and procedures
- Board regularly identifies and review the risks faced by the Non-Profit Organisation and proactively take action to manage them
- Board monitors the Non-Profit Organisation's performance against plans and budgets regularly

Resources:

- **Contact the Centre for Non-Profit Leadership (CNPL) for its PulseCheck 360 Service**
admin@cnpl.org.sg
- **Sample Board Governance templates**
- Board Self-Evaluation Checklist:
https://www.charities.gov.sg/Documents/Board_Self-Evaluation_Checklist.pdf
- **ERM Toolkit by the Charity Council:**
- https://www.charitycouncil.org.sg/en/Home/Announcements/~/_media/6CC9D24D372E43ACB98B071_C9225BEE8.qshx
- **Sample Board Performance Evaluation Form**
[in Appendix C: The Effective Not-for-Profit Board – A value driving force (3rd Edition)]
- **See 'Good Governance Guide: Issues to consider in Board Evaluations' for the key considerations described therein for additional practical handles** (not all guidelines are applicable for Non-Profit Organisations):
<https://www.asx.com.au/documents/asx-compliance/issues-to-consider-in-Board-evaluations.pdf>

Board Composition and Diversity

Development Matrix

Board composition considers the diversity of Board members in terms of three sub-components:

1. **Professional:** Individual's vocation
2. **Social:** Interpersonal dimension
3. **Perspectives:** Personal experiences and background

NB: The detailed description for each of the sub-components is explained in the 'Practice in Action' section.

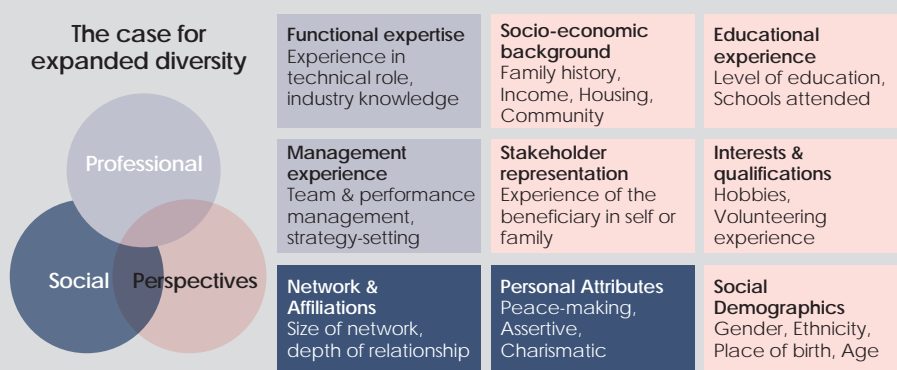
Board Effectiveness in Motion	How to Progress
<p>Set a Board diversity policy with an ideal state in mind which can be achieved and monitored qualitatively and quantitatively</p> <p>[Some Non-Profit Organisations may want to control certain forms of diversity (i.e. health and religious sectors)]</p>	<p>Qualitative considerations:</p> <ul style="list-style-type: none"> • Identify a balance of skills, experience, stakeholder representation, demographic profile, industry, educational background and etc. when setting targets in Board diversity policies, to ensure that the Board is representative of the beneficiaries/community which it serves. <p>Quantitative considerations:</p> <ul style="list-style-type: none"> • Track and monitor diversity targets and composition for benchmarking against recommended guidelines [See the 'Resources' section below] • Disclose key diversity demographics and diversity objectives in the Non-Profit Organisation's Annual Report
<p>Develop a Board skills matrix that identifies existing and prospective gaps on the Board</p>	<ul style="list-style-type: none"> • Develop a Board skills matrix that identifies key gaps for existing Board members and considering potential gaps during Board renewal • Conduct a skills, knowledge and experience audit for the Board (non-exhaustive) in the following functions: <ul style="list-style-type: none"> - Decision making - Innovation - Leadership - Personal network building - Culture building - Marketing and communications - Fundraising - Governance - Legal - Human resource management - Organisational development - Financial management - Project management - Risk management - Stakeholder engagement - Strategic planning - Digital literacy - Crisis management <p><i>NB: Any information gathered about individual performance should be treated with confidentiality.</i></p>
<p>Develop a recruitment policy that considers due process in candidate selection and skills development and training to ensure good Board Composition and Diversity</p>	<ul style="list-style-type: none"> • Identify key recruitment channels for Board recruitment that allow for a wider range of potential members with unique perspectives and abilities • Conduct a skills development programme for existing Board members through training and development, and working or sharing expertise with similar Non-Profit Organisations • There could be a proactive recruitment mechanism for getting the right members to fill the gaps in Board composition based on institutional/organisational priorities

Board Composition and Diversity

Practice in Action

Finding:

A diverse Board composition contributes towards an effective non-profit Board that supports broad thinking and creates a culture that thrives on the creative tension of different perspectives and the cross-pollination of ideas⁶. Diversity also sends stakeholders a powerful message on an organisation's true culture of inclusion and commitment to community. From our qualitative interviews with leaders from various Non-Profit Organisation sectors and financial sizes, we found that diversity could take the following forms:



While prevailing discussions tend to focus on women representation on Board, the study also found other forms of diversity that are perceived by Non-Profit Organisation Boards to be as important.

Many Non-Profit Organisation Boards placed a premium on both perspectives and professional diversity, as they see synergies from a healthy mix of skillsets and experience, as well.

22% and 43% of Non-Profit Organisation leaders considered industry experience and technical expertise/skills to be the more important forms of diversity respectively which are needed at the Board level.

“Even with diversity all must work towards being a competent and cohesive team”

- Board member from a respondent of Sports Sector Non-Profit Organisation

“While Board member from a diversity matters, concentrating on only one form of diversity is not enough”

- Board member from a respondent of a Social and Welfare Sector Non-Profit Organisation

Pro-tips:

1. Balance of opinions across age groups

Involvement and perspectives from younger age groups should be sought to fuel innovation with guidance from experienced members.

2. Guarding against tokenism

The requirements of the Board that will best support the Non-Profit Organisation should be considered first before prioritising the diversity criteria.

3. Assessing and managing the risk of personality clashes

For unhealthy Board dynamics due to personality clashes, the onus is on the Board Chairperson to ensure proper decorum and adequate conflict resolution measures are in place.

⁶ Ganu and Zainul-Abidin. (2020). *Importance of Diversity on Charity Boards: Do you know who you need and how to find her?*. <https://www.councilforboarddiversity.sg/organisations/case-for-diverse-boards/the-importance-of-diversity-on-charity-boards/>

Board Composition and Diversity

The checklist below touches on the key actions to progress each practice.

For additional details and the full list of actions, refer to the How to Progress section.

Checklist:

- Board is composed of members with a diverse range of perspectives, experiences and skills which are representative of the beneficiaries and community it serves
- Board conducts skills and diversity audits to help inform recruitment of new Board members
- Board set targets around its diversity and composition
- Board recruits members formally through an open and transparent process
- Board members are respectful of differing perspectives and prepared to be challenged
- Board considers how meetings can be made more accessible (*i.e. considering different Board members' language barriers, physical accessibility, cultural considerations and etc.*)
- Board monitors and/or reports on its diversity
- Existing members on the Board possess the skills and experience the Non-Profit Organisation needs (*e.g. professional, social and perspective backgrounds*)
- The Board often takes into account skills gaps when recruiting and developing members

Resources:

• Resources for diversity on Non-Profit Boards:

- Council of Non-Profits:
 - <https://www.councilofnonprofits.org/tools-resources/self-assessments-nonprofit-boards>
- Conjunct Consulting:
 - <https://conjunctconsulting.org/wp-content/uploads/2020/07/Board-Diversity-Report-14-Jul-2020.pdf>
- Conjunct Consulting – Diversity Calculator
 - <https://api.ucalc.pro/api/267625>
- **Contact the Centre for Non-Profit Leadership (CNPL) for its PulseCheck 360 Service**
admin@cnpl.org.sg
- **Council for Board Diversity:**
 - <https://www.councilforboarddiversity.sg/organisations/Board-diversity-disclosure/>
 - <https://www.councilforboarddiversity.sg/women/education-and-training/>
- **The Social Service Institute (SSI)**, in collaboration with the **Singapore Institute of Directors (SID)**, offers relevant courses for Board development under the SGOOD Essentials series, covering topics such as Board Dynamics
https://www.sid.org.sg/Web/Professional_Development/Courses/Essentials/NPO/Governance_For_Outstanding_Organisation_Directors_Programme.aspx

Board Renewal

Development Matrix

Develop a continuous leadership pipeline through effective succession planning, recruiting and developing the right talent to achieve continuity in governance and helps Non-Profit Organisations to be steered with sound strategic acumen which is responsive to changing needs

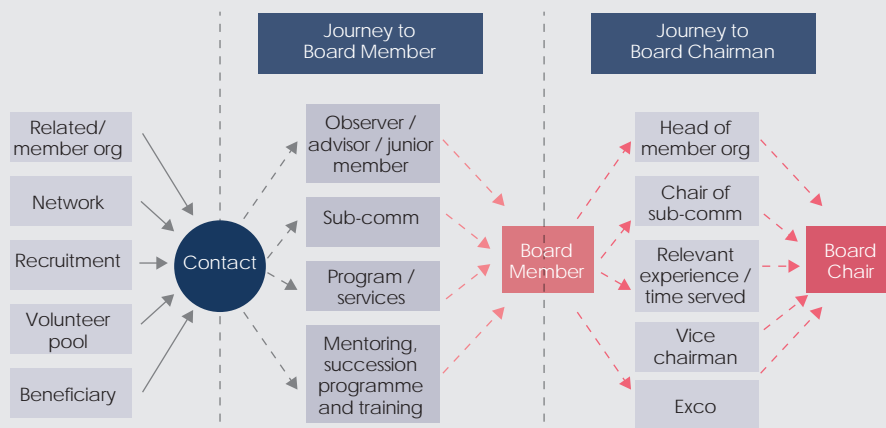
Board Effectiveness in Motion	How to Progress
<p>Develop a Board Renewal Policy to establish a sustainable leadership pipeline that starts with a clear idea about the optimal Board composition and diversity</p>	<ul style="list-style-type: none"> • Develop a sustainable leadership pipeline and design term limits that are aligned with the Non-Profit Organisation's existing policies (e.g. Board Diversity and Recruitment) • Identify potential gaps in skills, experience and knowledge within the Board whenever any existing members are stepping down <p><i>NB: Chairpersons should give due consideration to succession planning for both their role as chairperson and other members who may be at the end of their Board tenure</i></p>
<p>Establish sub-committees (e.g. nominations committee) that provides a pipeline to identify and assess next-in-line leaders organically</p>	<ul style="list-style-type: none"> • Develop several pipelines through various sub-committees within the organisation to identify a wider range of next-in-line leaders within existing roles in the organisation • Assess next-in-line leaders through their performance within the sub-committees as a means to select potential Board members. <p><i>NB: Non-Profit Organisations may choose to adopt a formal evaluation matrix to review the performance of next-in-line leaders within the sub-committees.</i></p>
<p>Design a structured mentorship programme to nurture next-in-line leaders</p>	<ul style="list-style-type: none"> • Design and develop a structured mentorship programme and developmental pathway that aims to coach and guide next-in-line leaders into their Board roles • Nominate several experienced Board members (across various sub-committees and roles), to participate in the structured mentorship programme to guide junior members

Board Renewal

Practice in Action

Finding:

Board recruitment practices with respect to recruitment channels have improved slightly, with lower concentration from 'Personal networks' and more Board members sourced internally. Nearly eight out of ten Non-Profit Organisation Boards reportedly reviewed their succession/renewal plan in the past two years. Out of these Boards that have reviewed their succession/renewal plans, 74% were successful in recruiting at least one new member during the same period.



Interestingly, an overwhelming majority (95%) of Boards that undertook a review of its succession/renewal plan also periodically reviewed the Non-Profit Organisation's vision and mission to ensure relevance. Based on an article by Radbourne (2003) on 'Performing on Boards', this follows that these two activities may have converged on a common objective - pursuing continuity in governance that is compatible with the Non-Profit Organisation's vision.

“Sustainability to me means a steady pipeline of Board members that come up through various subcommittees, a clear and sustainable pipeline of social workers, and other sort of management staff”; “An idea of what an ED succession plan would look like, all of these things would make me feel like it's time for me to go”

- Chairperson from a Social and Welfare Sector Non-Profit Organisation

“Nomination committee... should be actively looking for new members and evaluating each person, such as ensuring they are not a serial Board member just for the sake of their resume and with no intention of contributing/ only providing limited input”

- Chief Executive Officer from a Social and Welfare Sector Non-Profit Organisation

“Board should let them [Board members] serve on the committees/ sub-committees before bringing them onto the Board... graduating through the ranks .. I see this transition as being healthier”

- Chief Executive Officer from a Social and Welfare Sector Non-Profit Organisation



Case study:

To encourage the injection of fresh perspectives and ideas, Association of Muslim Professionals ensures that its Board is refreshed every two years.

Maximum term of 6 consecutive years for each director (additional 2 years of appointed as Chairman but not exceeding 8 consecutive years)

2 most senior deirectors must retire at every alternate AGM

Retired directors must remain retired for at least 1 year before re-election or re-appointment

The Non-Profit Organisation grooms potential leaders through several programmes to ensure there is leadership succession.

Board Renewal

The checklist below touches on the key actions to progress each practice.

For additional details and the full list of actions, refer to the How to Progress section.

Checklist:

- The Board has a maximum term of office for all members to ensure the Board is refreshed
- Board is aware of the importance of succession planning and is proactive in addressing it
- The Board considers necessary improvements for the Board before on-Boarding new members
- The Board considers the skills, experiences, knowledge and qualifications that are currently available to the existing Board
- The Board identifies potential gaps in skills, experience and knowledge within the Board whenever any existing members are stepping down

Resources:

- **Contact Centre for Non-Profit Leadership (CNPL) for its Board Match service, which offers leadership search.**
 - For more details, please contact them via: peoplesearch@cnpl.org.sg

V

Chapter

An Invitation - The Quest to Uplift the Non- Profit Ecosystem





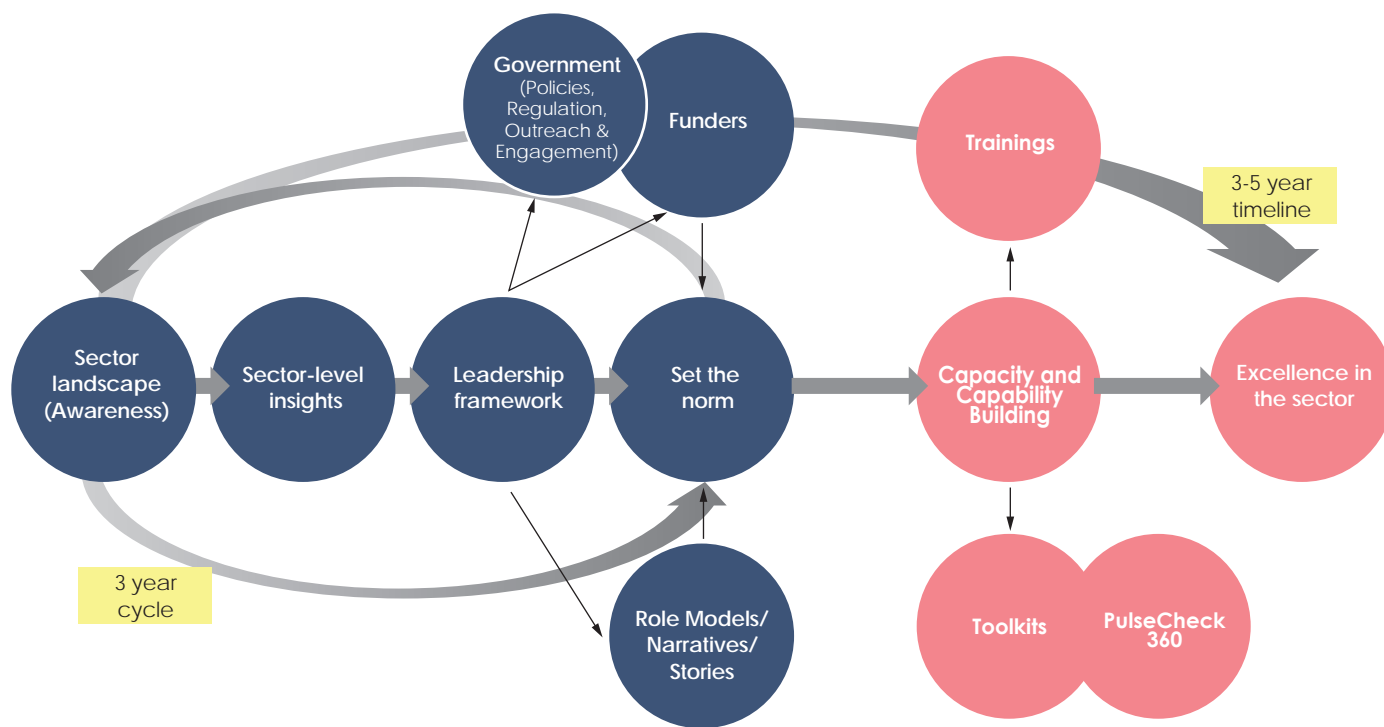
Chapter V: An Invitation- The Quest to Uplift the Non-Profit Ecosystem

Data-driven insights can provide leaders with a roadmap of improvement. But even the best Non-Profit Organisations will need the support of their stakeholders—funders, policymakers, sector administrators, volunteers, capability building partners, and many more—before they could truly deliver an impact.

It takes a village to raise a child
- African Proverb.

This final chapter outlines our collective dream to elevate the non-profit ecosystem to the next level, starting with BLS2019/20. We invite you to be part of this collaborative multi-stakeholder journey.

Wider Board Leadership Study Architecture



Understanding the overall Non-Profit landscape

The BLS 2019/20 is a co-creative journey with multiple stakeholders and sector partners over two years. As the first national study focusing on Non-Profit Boards in Singapore, it seeks to plug the gap of landscape understanding of the sector through a nationally representative, rigorously researched work.

This landscape report is captured in *Chapter II- State of the Non-Profit Boards in 2020*⁷.

⁷ Readers who are interested in the presentation version of this Report could reach out to NVPC. Contact details could be found on page 61.

Developing sector-level insights

As detailed in Chapter IV- Methodology, a total of 360 respondents, which is representative of the 2,277 registered charities in Singapore, were gathered and analysed. Respondents were asked on both objective questions in relation to their Board as well as a subjective assessment of their Board effectiveness across different factors.

Care was taken to ensure representation across sectors and financial sizes. This provides a wealth of data that enables deep dive sectoral analysis to support sector administrators and Non-Profits with better contextual understanding of how they perform across various factors.⁸

Building a common Framework

The resulting Effective Non-Profit Board Framework, found in the *Executive Summary* and *Chapter I-Introduction*, is designed to provide building blocks for Non-Profit Board to develop an effective Board. This serves as a common framework and language for all players in the ecosystem.

Setting the Norm

It takes time to socialise and normalise an intervention to ensure adoption by the entire sector. Sector Partners and Funders play an important role in encouraging the adoption of Effective Non-Profit Board practices among the Non-Profit Organisations to which they provide funds.

More importantly, Non-Profits Boards which have successfully implemented some of the recommendations in *Chapter IV- Recommendations* are invited to come forward as role models to share their success stories and inspire others.

Building Capacity and Capability

Non-Profit Boards will not be journeying on their own. There is an excellent network of support from intermediaries and enablers that focus on capacity and capability building. This ranges from trainings provided by NCSS Social Service Institute, peer coaching and mentoring from International Coaching Federations and International Association of Facilitators, consultancy partners and experts such as Deloitte & Touche, and many other forms of support.

The findings from BLS 2019/20 is powering the PulseCheck360 by the Centre for Non-Profit Leadership to provide a research-backed Toolkit dedicated to Non-Profit Boards in Singapore.

A Non-Profit Sector of Excellence

This journey started with a clear end in mind. It is a long-haul journey that takes no less than 3-5 years on the most optimistic projection—possibly even longer. As the schema below shows, it calls for the commitment of every single player in the ecosystem to work in tandem towards a common goal.

The final stop: a Non-Profit sector of excellence.

Will you join us in this journey?

⁸ Readers who are interested in sector-specific reports could reach out to NVPC. Contact details could be found on page 61.

APPENDIX

About Centre for Non-Profit Leadership (CNPL)

The Centre for Non-Profit Leadership aims to transform the Non-Profit sector by advocating planned leadership and nurturing leadership capability. Through its suite of evidence-based solutions, CNPL enables Non-Profits to exercise good governance and enhance leadership and Board effectiveness.

About National Volunteer & Philanthropy Centre (NVPC)

The National Volunteer & Philanthropy Centre (NVPC) is the steward of the City of Good vision for Singapore, where individuals, organisations, and leaders come together to give their best for others. Through our brands, programmes, and initiatives, we facilitate partnerships with Non-Profit Organisations, public sector bodies, and individuals to enliven the giving ecosystem within Singapore.

About Deloitte SEA Centre for Corporate Governance (CCG)

Deloitte's SEA Centre for Corporate Governance (CCG) brings together the knowledge and experience of Deloitte member firms around the world in the critical area of corporate governance. The Centre promotes dialogues with key influences and business leaders, corporations and their Board chairman and members, investors, the accounting profession, academia and government. It also develops advance thinking on global corporate governance issues such as Board oversight of management, director effectiveness, audit committee effectiveness, and executive compensation.

Credits:

NVPC:

Melissa Kwee, Tony Soh, Fazlin Abdullah, Jeffrey Tan, Gloria Arlini, Benjamin Tay, Joh Merlin Kersey Stapleton, Araviinthansai S/O Subramaniam and (Past team members no longer with NVPC – Yee Mun Choy)

For research-related queries, please contact the Knowledge & Insights Team:

research@nvpc.org.sg

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Kitson Leonard Lee, Janssen Ong, Stacey Loh

For information on resources for leadership capability matters, please contact CNPL:

admin@cnpl.org.sg

Deloitte & Touche:

Mohit Grover, Christopher Wong Jian Wei, Troy Han Wei Loong, Sofia Moiz Tyebally and Wong Yin Ying







