

e-BOARDROOM



...No Paper, No Worries

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Section One: *Boards, They All Vary*



How Does Your Board Really Function?

- Excellent Board, excellent people,
- Head and heart disconnected...
- Walking backwards into the future looking at its glorious past...
- Practical, realistic and objective
- Have fallen in love with their own shadow, but the shadow does not reflect the true form
- Are ready for a step change



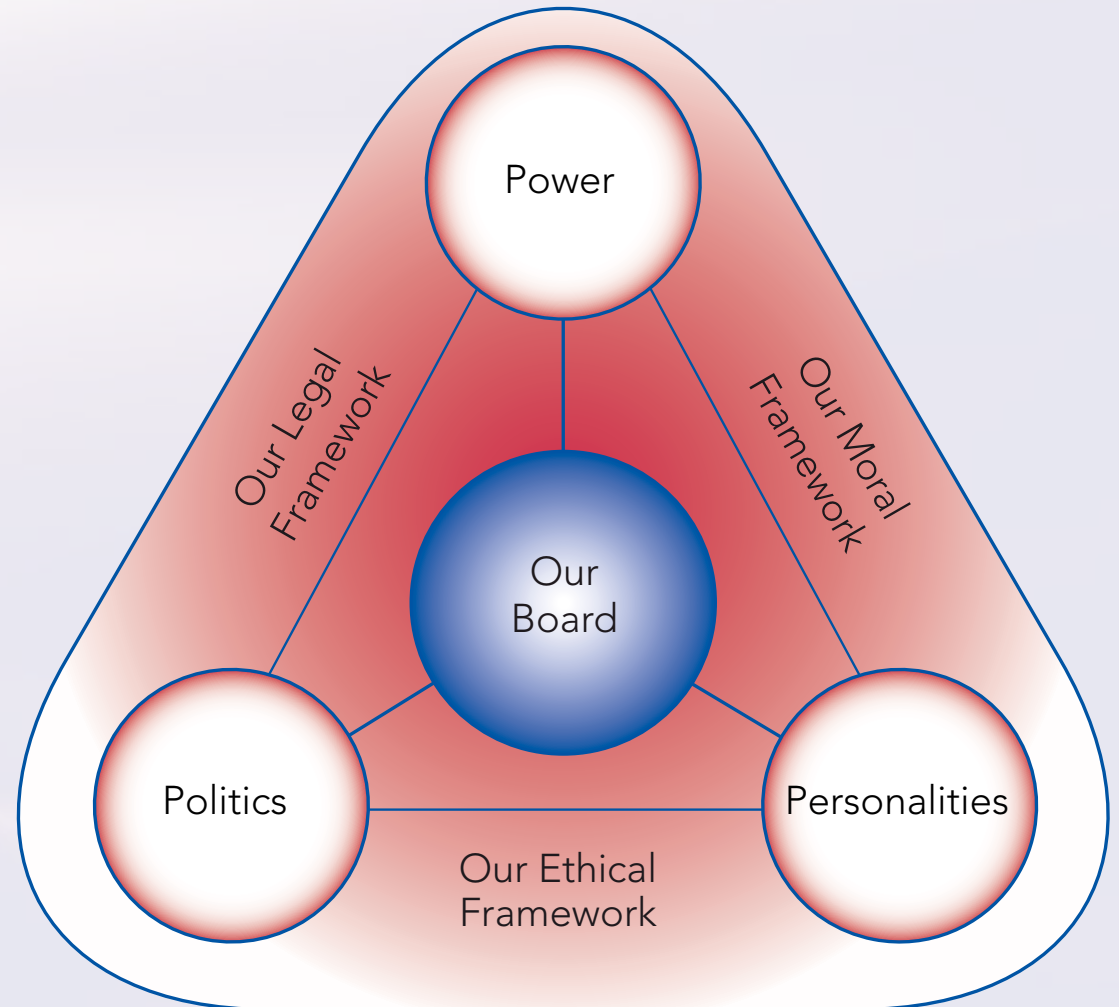
The Three Ps

All Boards operate within the triangle of:

- power
- politics
- personalities.

In essence, the boardroom provides a unique window into human behaviour.

The “Three Ps” drive both discussion and decisions.



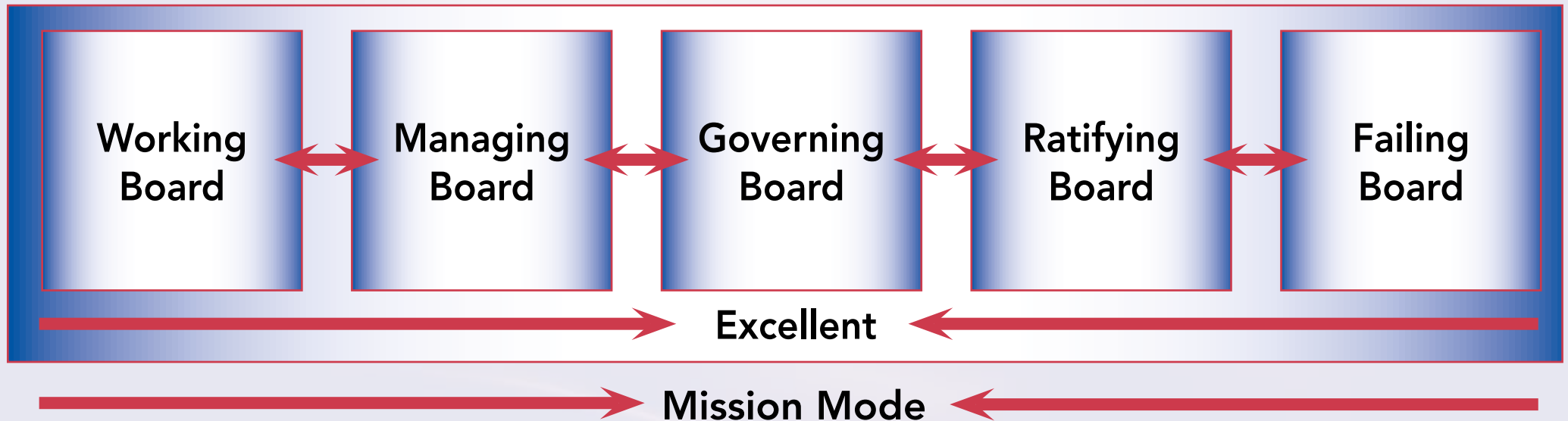
Five Ways Boards Can Function

All Boards have their own unique attitudes, characteristics and behaviours which are driven by “leading” Board members and each individual Board member:

- commitment to the organisation’s vision, mission, values and core business
- heads and hearts, their personalities, power and politics
- understanding of governance and its practical application in the boardroom.

Five Ways Boards Can Function

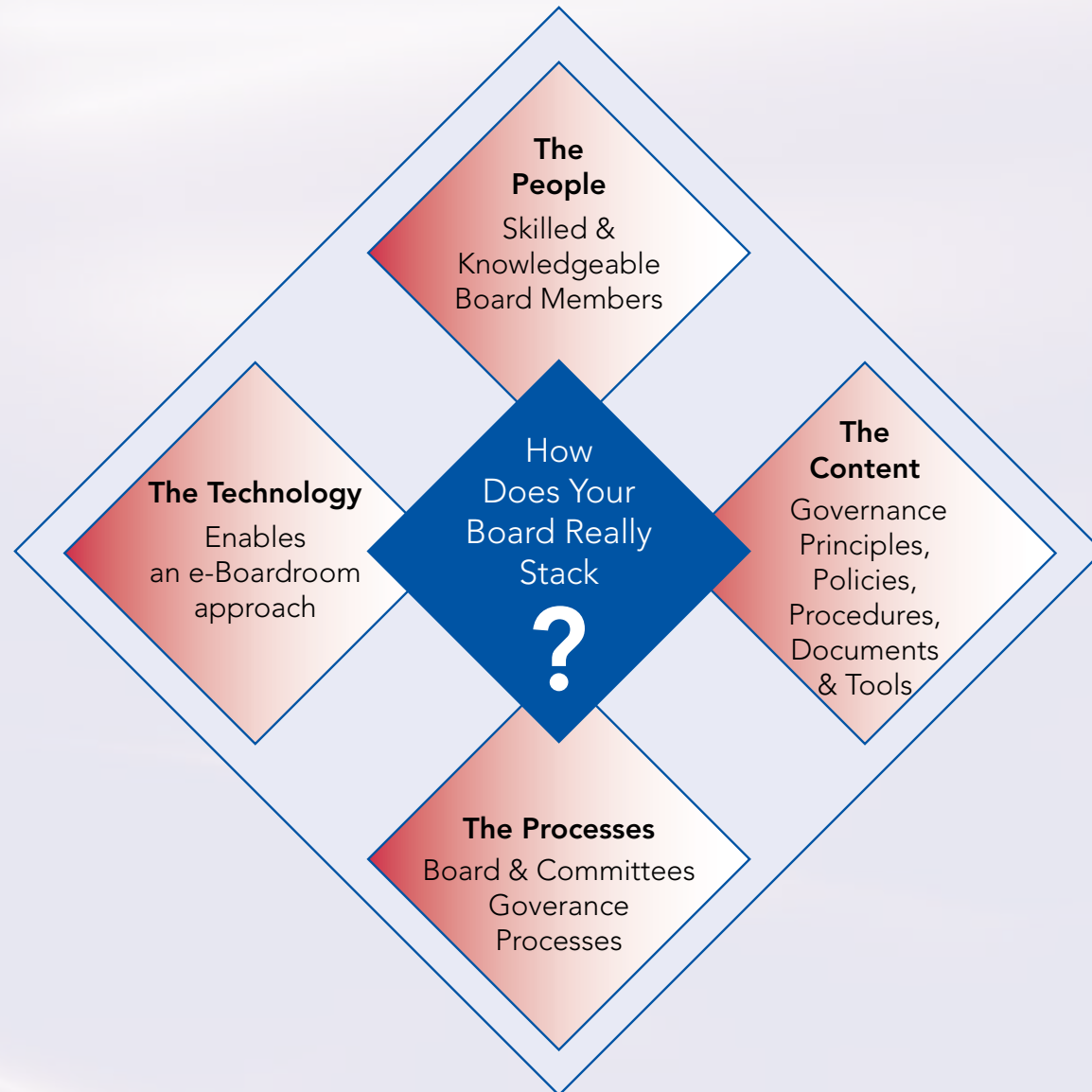
In summary there are five modus operandi that reflect the way Boards work:



Five Ways Boards Can Function

Working Board	Managing Board	Governing Board	Ratifying Board	Failing Board
Service Manager or Service Co-ordinator	Manager does/doesn't need assistance	Highly skilled Chief Executive Officer	Board doesn't achieve much, doesn't govern	Manager struggling, often overwhelmed
Typically Small-Medium organisation	Board & management role confusion	Board governing, management managing	Board rubber stamps most things	Typically a financial mess or near disaster
Board sets tasks or projects	Board managing, not governing	Focus on vision, mission, values and strategy	Board in decline, laid back or lazy	Organisation is in muddling mode
We are "a service", we are not a business	Board is hands on, gets hands in the business	Obtains & implements governance system	Organisation is in maintenance mode	Board or management relationship strife
Service mentality, limited understanding of an organisation	Key focus is on administration and finance	Directors know their roles and responsibilities	Hands off the business	Walking backwards into the future, looking at the glorious past
No Strategic Plan, ad hoc planning	Short term horizon, reactive behaviours	Hands around the business	No governance system	Bereft of leadership, focus on direction
Trying to raise \$, trying to keep things going	Board managing, management managing	Heads and hearts connected and going forward	Mainly heart, little head	Desperate struggles to get extra \$

Four Elements Of A Governing Board





*Section Two:
Governance Principles & Practices*

Governance, A Leadership Process

Governance is a leadership process undertaken by the directors of a Board.

Directors undertake this leadership process and therein their respective governance roles and responsibilities as 'stewards or custodians' of the organisation, on behalf of members, stakeholders or shareholders.

Understanding and applying a contemporary governance system, therein its documentation, tools and resources requires a serious commitment, the allocation of time and a willingness to personally grow and develop one's governance skills, experience and knowledge.

The Establishment Of A Board

A Board is a group of skilled and experienced individuals who have been appointed or elected by an organisation's members or shareholders.

Prior to election or appointment, directors should have access to a *Board Induction Manual* to undertake their personal due diligence and orient themselves as directors.

The elected or appointed directors come together with existing directors to form a Board.

Directors who join a Board, whether it is a company, incorporated association or other legal entity, will be required to sign legal documentation required by Local, State or Commonwealth government departments.

Typically the directors elect their own chairperson, who has their own *Terms of Reference*.

The Purpose Of A Board

Board members are 'stewards and custodians' on behalf of the members, stakeholders or shareholders of the organisation and therein amongst other things its vision, mission, values, core business, resources, assets, reserves, products, services and history.

Directors are appointed or elected to a Board by the organisation's members or shareholders to 'direct and guide' the organisation.

A Board's purpose is to translate the wishes of members, stakeholders or shareholders, 'the owners', via its vision, mission and values into organisational performance.



The Purpose Of A Board

Therefore a Board is foremost a voice from 'ownership to management' and only secondarily a link and a voice in the other direction.

At a high level a Board should focus on the vision, mission, values and core business, in essence what the organisation stands for, rather than what the organisation does.

A Board should focus on the organisational ends or key result areas, whilst management develops and delivers the means or the how, more commonly known as strategic objectives.

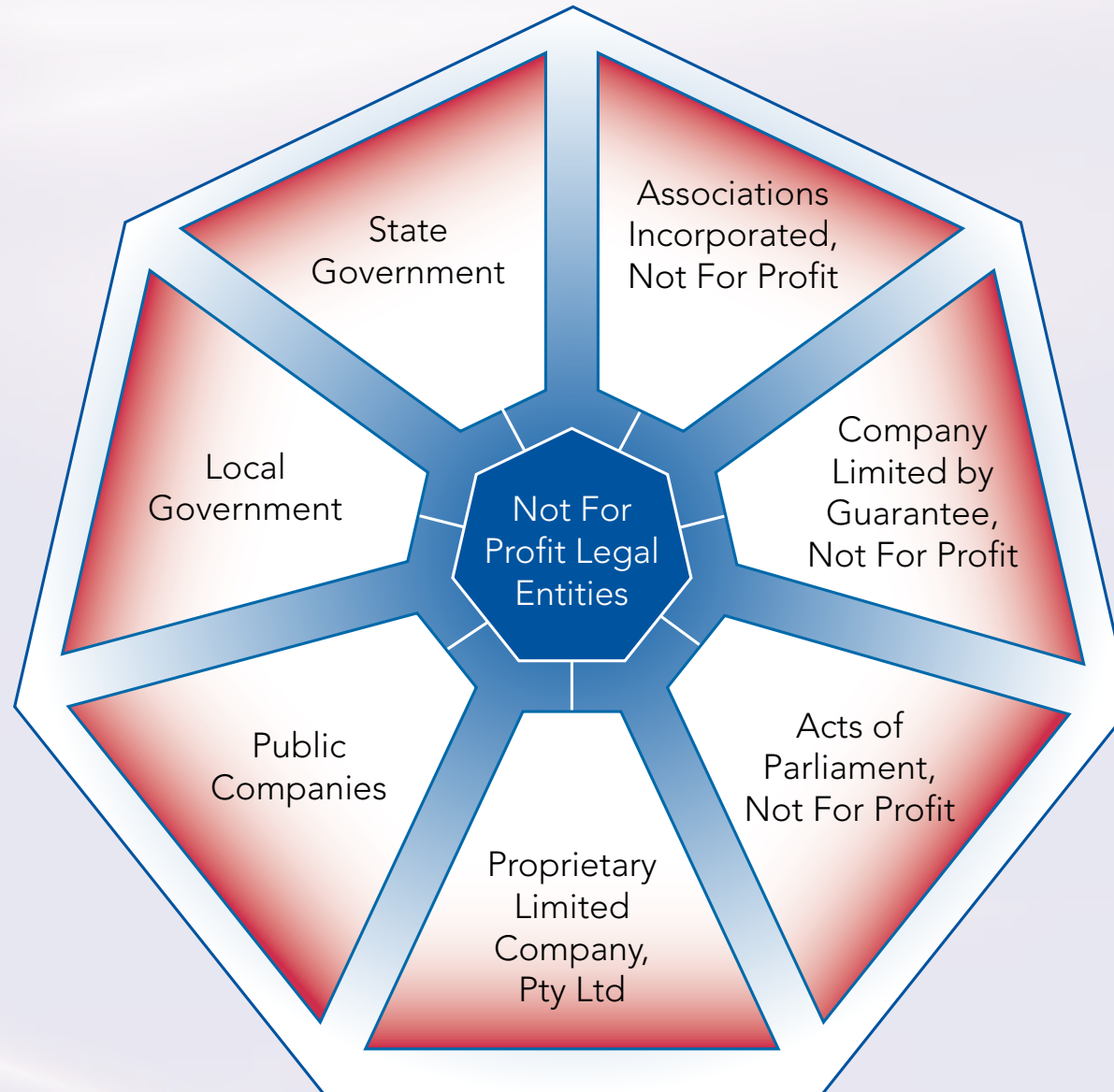


Typical Legal Entities

There are various legal entities within which Not For Profits can operate. The seven most common types are:

- Associations Incorporated, Not For Profit
- Company Limited by Guarantee, Not For Profit
- Acts of Parliament, Not For Profit
- Proprietary Limited Company, Pty Ltd
- Public Companies
- Local Government
- State Government

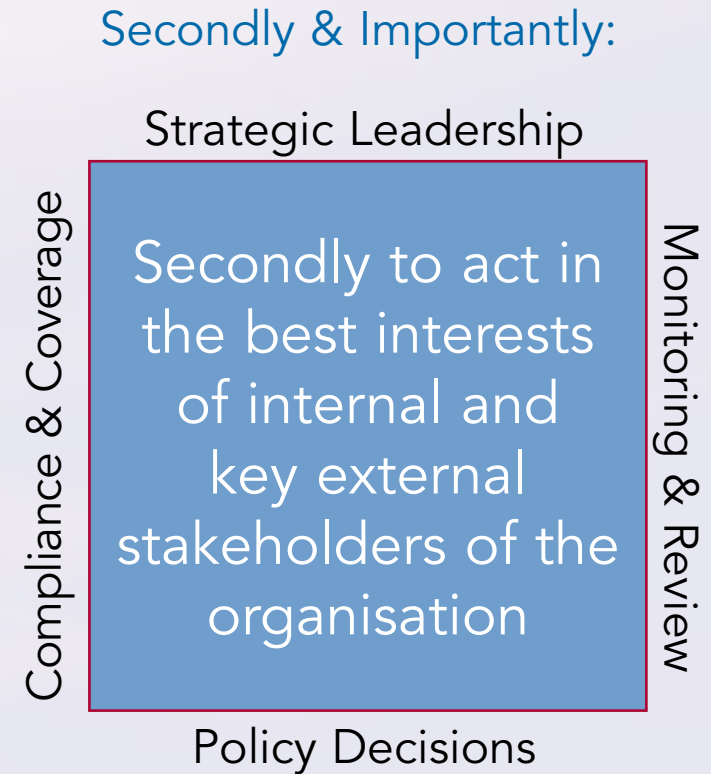
Typical Legal Entities



Key Roles & Responsibilities Of Boards

In summary, a Board has two key roles and four key responsibilities.

The two key roles are:



Key Roles & Responsibilities Of Boards

In summary the four key responsibilities of a Board are:

- Strategic leadership
- Policy based decisions
- Compliance and coverage
- Monitoring and review



Key Roles & Responsibilities Of Boards

A Board needs to ensure, amongst other things that it:

- provides leadership, wisdom and common sense
- asks pertinent and insightful questions and expects appropriate, timely and accurate responses from management
- employs, works with, builds the relationship with and robustly monitors the performance of management
- undertakes an annual performance appraisal of management
- causes the development and driving of the vision, mission, values, core business, desired future and key result areas

Key Roles & Responsibilities Of Boards

A Board needs to ensure, amongst other things that it:

- keeps the organisation in mission mode or for a limited time in maintenance mode, but does not let it fall into muddling mode
- continuously monitors and understands the current and future internal and external challenges and opportunities facing the organisation
- enables the necessary strategic thinking and discussion to occur, to enable the development and regular monitoring and reviewing of the strategic plan.

Policy Based Decisions

A Board should ensure, amongst other things that:

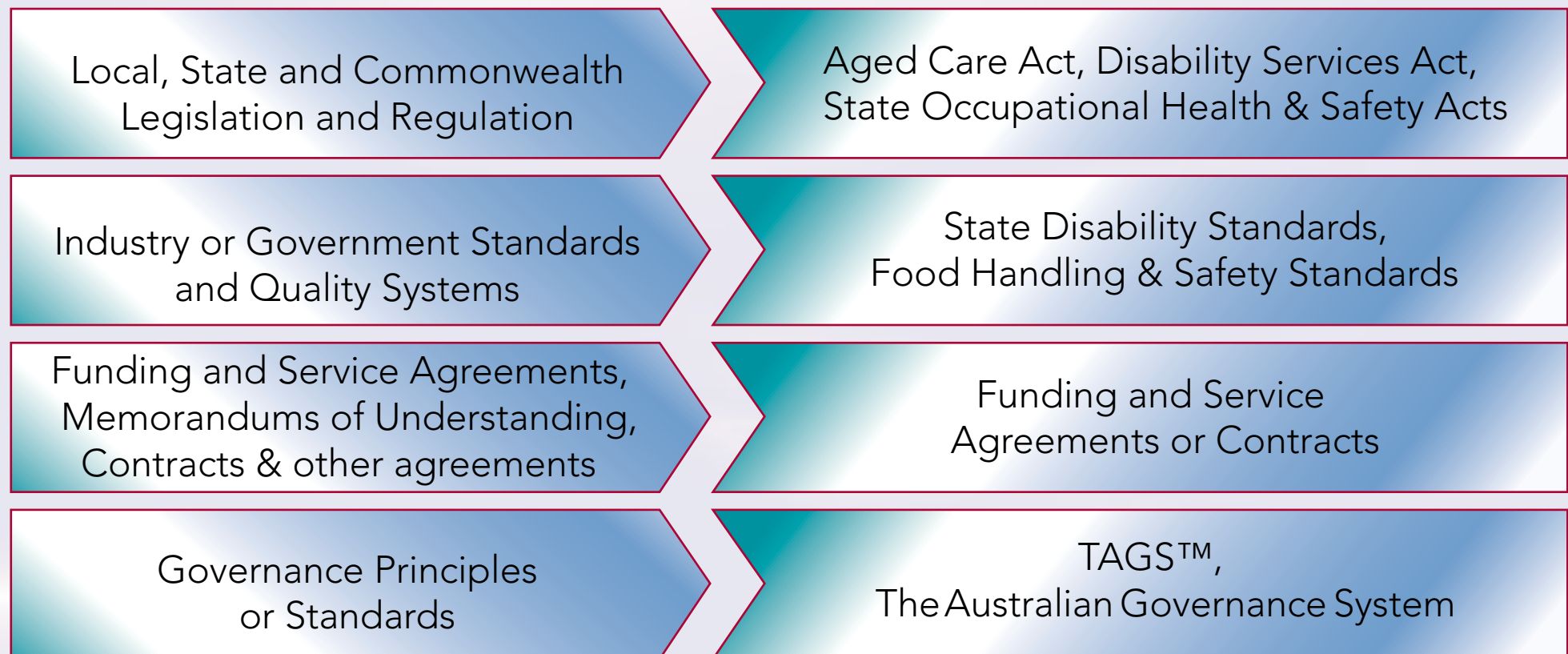
- the majority of decisions are made and actions are undertaken against its agreed governance principles, policies, procedures and indicators
- it consistently uses, annually reviews and continuously improves its governance policies, procedures, indicators, tools and resources
- it initiates new governance policies, procedures, indicators and tools and resources as and when required
- a governance committee is established and undertakes the development of the Board's new governance policies, procedures, indicators, tools and resources and also annually reviews the existing governance system.

Compliance & Coverage

A Board needs to ensure the organisation is compliant with (behaviour), and has documentation and resources (coverage) against the following key areas:

Key Compliance & Coverage Areas

Examples



Monitoring & Reviewing

A Board needs to ensure that it robustly monitors the organisation's performance on a monthly or quarterly basis against agreed performance categories of measurement such as finances, stakeholder satisfaction, quality, strategy and contractual outcomes and within each category, the various key performance indicators, targets, ratios or measures of success.

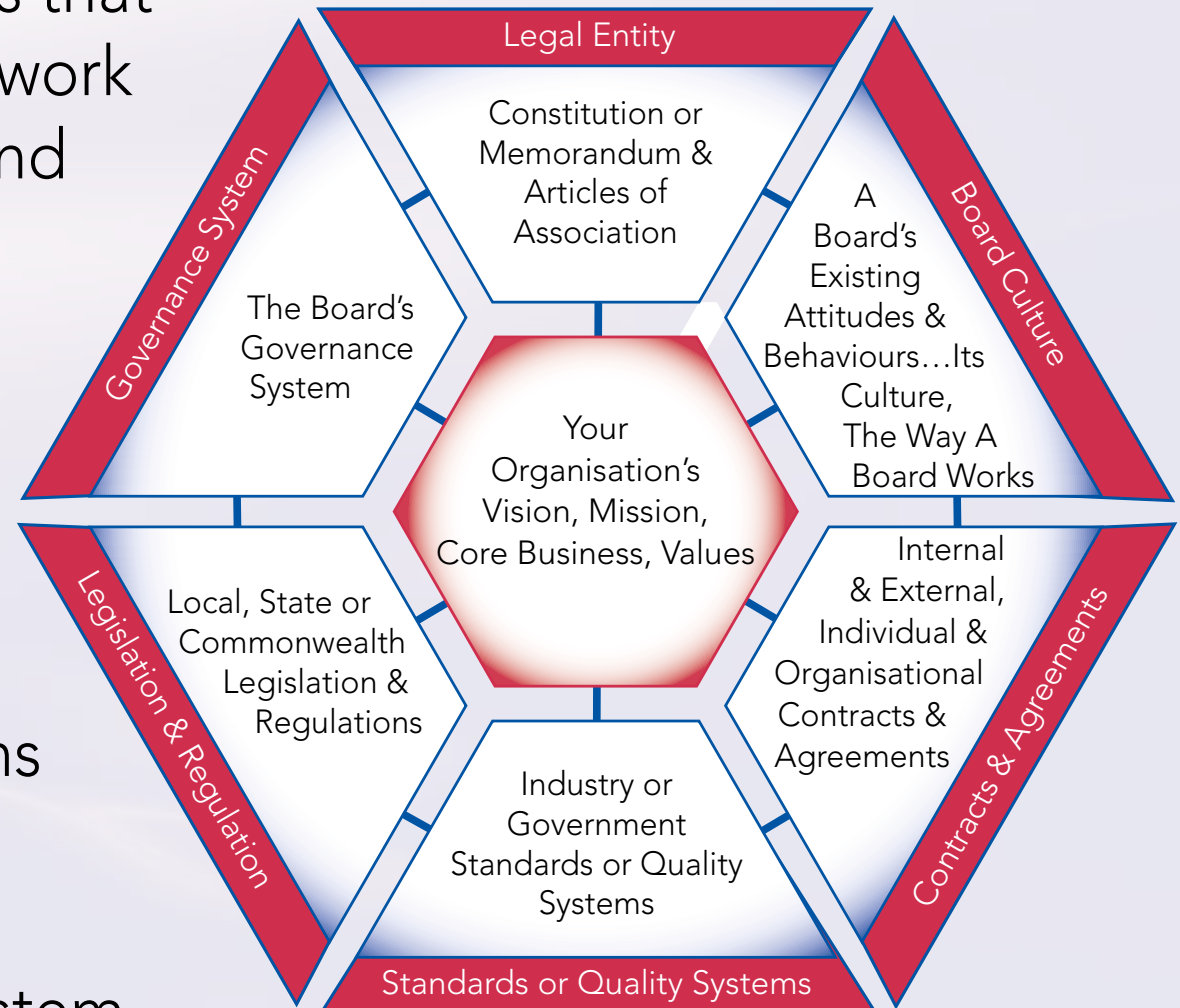
A Board also needs to ensure that it annually reviews the current and future internal and external environments.

Thereafter the Board should review the vision, mission, values, core business, desired future and key result areas or ends contained in the strategic plan.

The Framework Within Which Boards Work

There are six key components that create the governance framework within which a Board works and behaves:

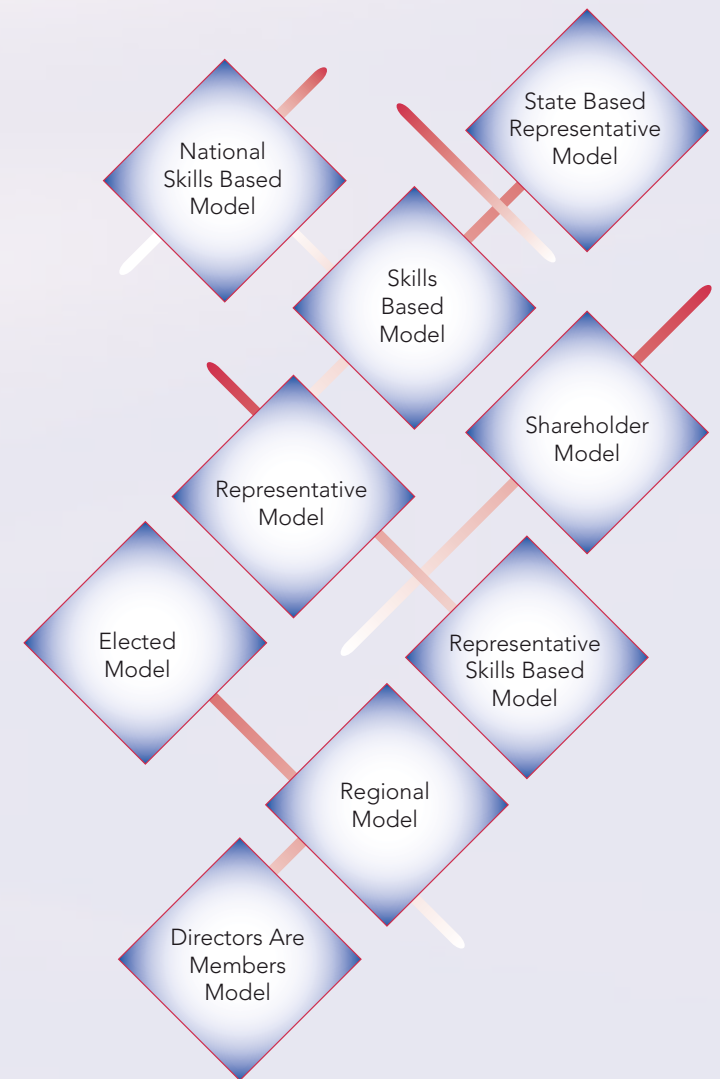
- the legal entity
- the Board culture
- contracts and agreements
- standards or quality systems
- legislation and regulation
- the Board's governance system.



Governance Model

Discussing and determining a Board's governance model is fundamental to determining a Board's governance structure, therein the positions, numbers and skills, as well as appointing or nominating potential Board members for members or shareholders to elect.

No matter what a Board's governance model, whether representative, state based, shareholder, regional or purely an elected model, determining the Board positions and therein the required skillsets and mindsets can substantially contribute to the establishment of an excellent Board.



Governance Model

There is no one governance model that fits all Boards, a combination of models may be suitable. A Board must determine its own governance model.

Once a governance model has been determined a governance structure can be determined and established.

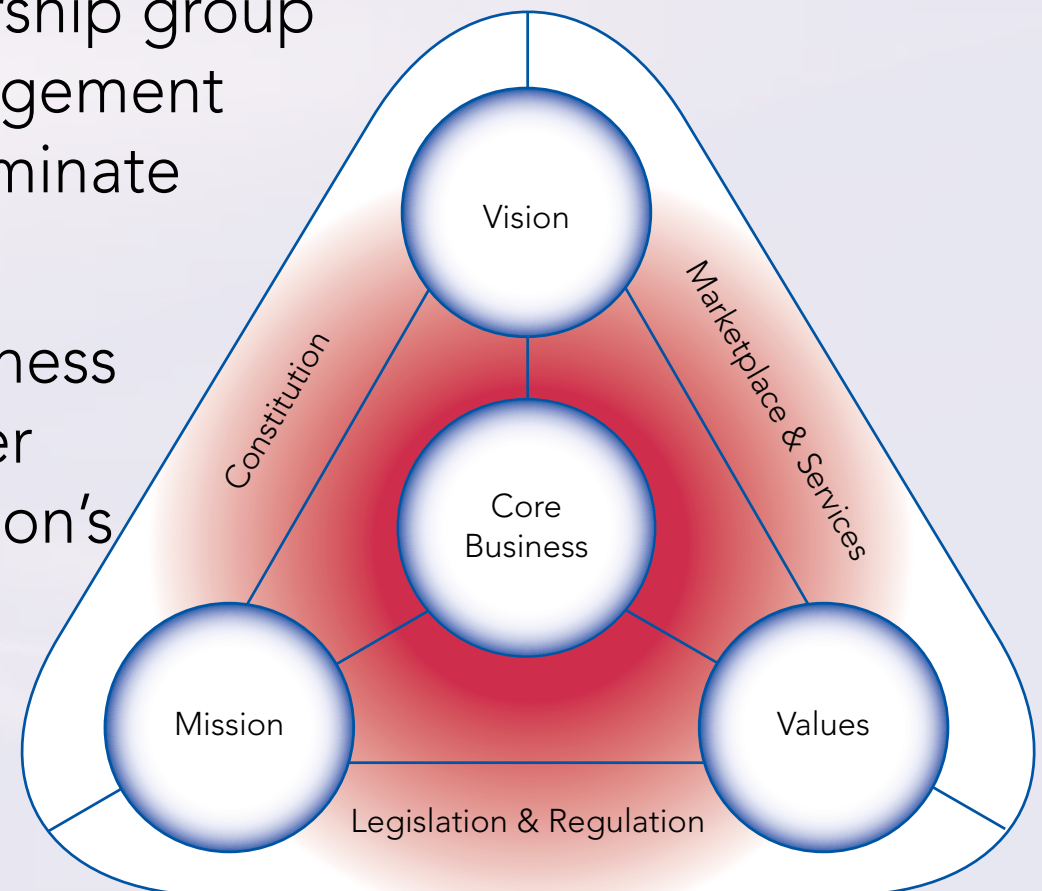


Core Business Or Reason For Being

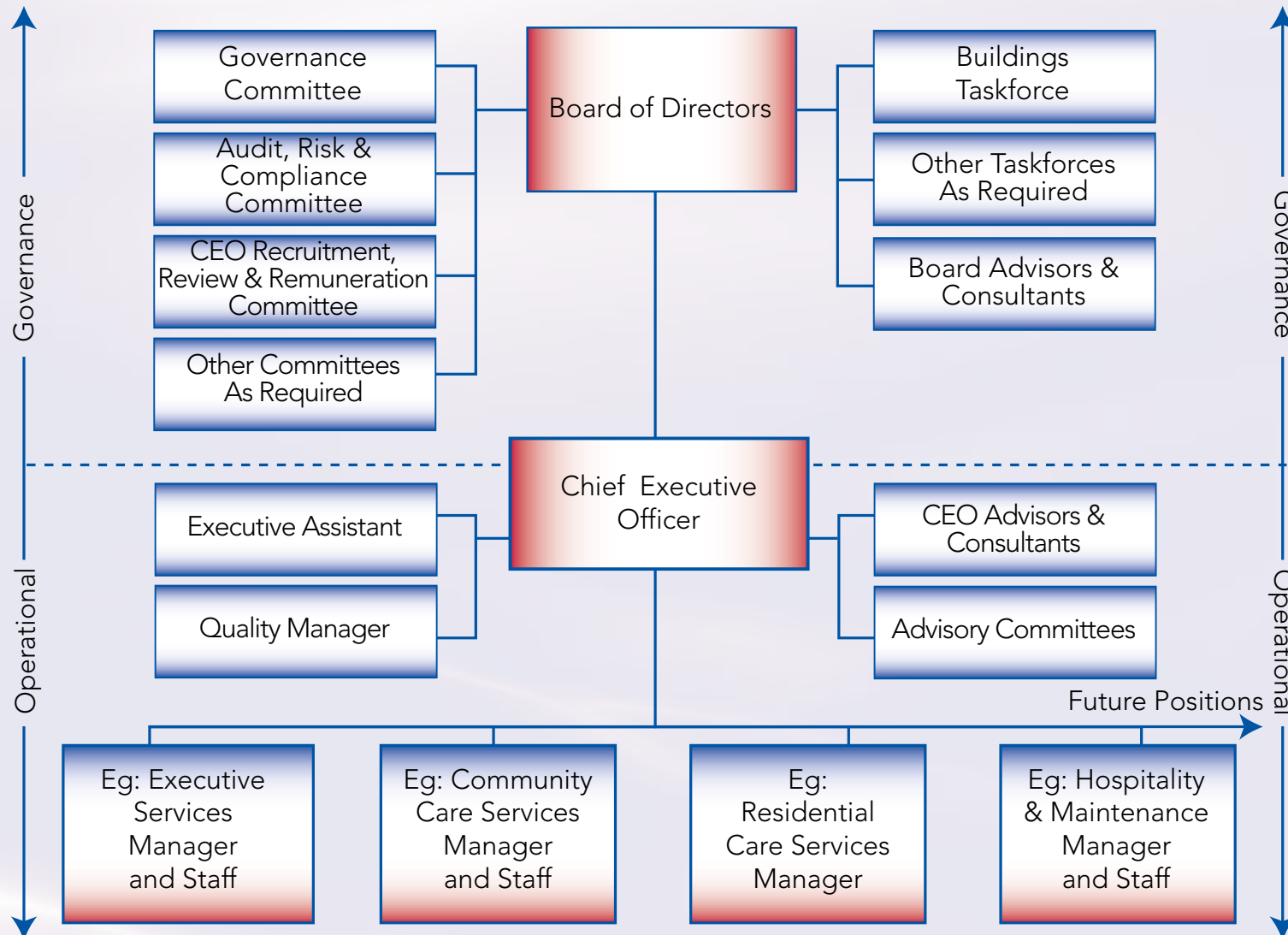
The core business is the organisation's reason for being or 'raison d'être', not the products or services it develops or delivers.

A Board or an organisation's leadership group (Board, management, Senior Management Team) should determine and disseminate the organisation's core business.

A Board should drive the core business whilst management and staff deliver the core business via the organisation's products or services. Agreement about the core business assists the Board design and develop its governance structure; Board, committees and taskforces.



Boards Stay Above The Line, Chief Executive Officers Manage Below The Line



Boards Stay Above the Line, Chief Executive Officers Manage Below the Line

If a Board truly understands and operates in governance mode, its behaviours and decisions should be above the line.

The Chief Executive Officer is the only person in the organisation who:

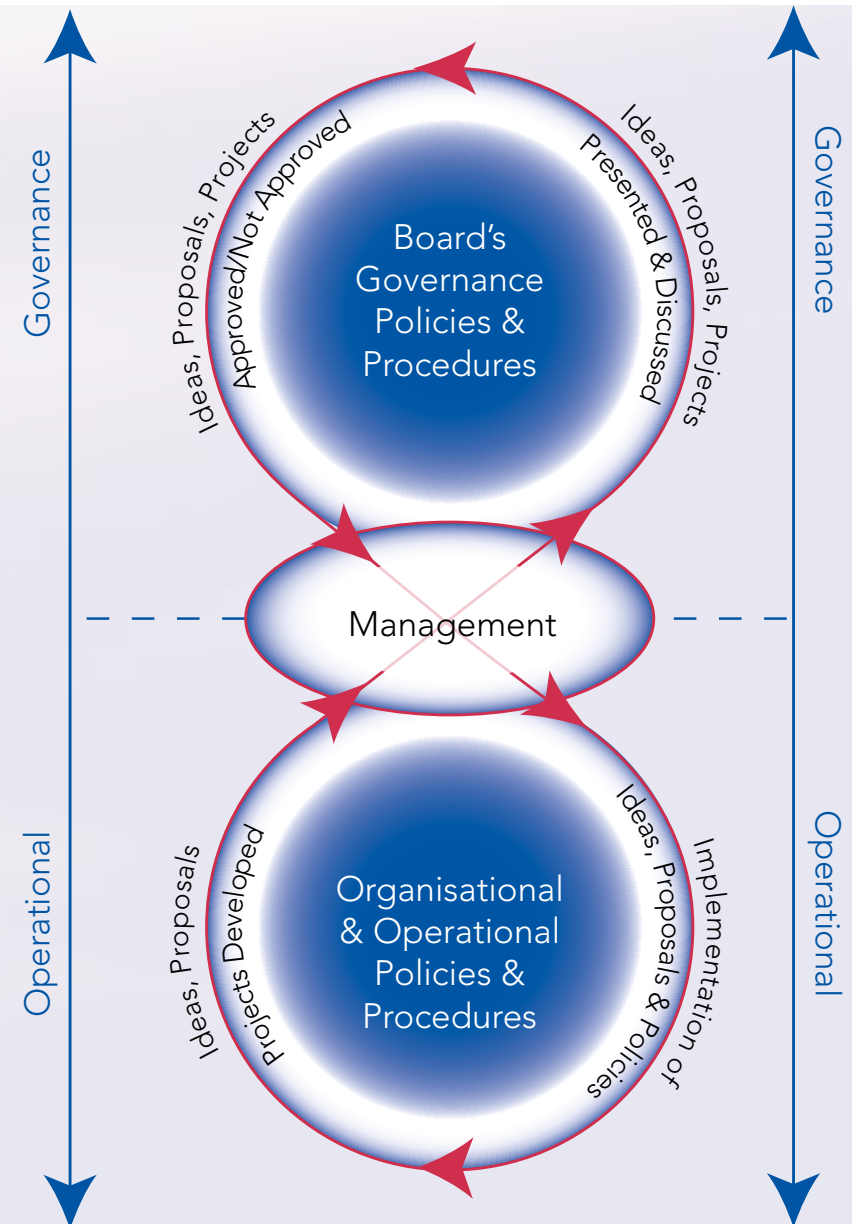
- works in two domains, governance and operational
- utilises both governance policies and procedures and organisational policies and procedures to undertake their work.



How A Board Works

Fundamentally there are two internal mechanisms that cause the work of a Board:

- the management puts forward documented reports, proposals, feasibility studies or business plans to a Board
- a Board puts forward ideas, directives or decisions for the management to research, develop, action and report on.



How A Board Works

When management puts forward a proposal, feasibility study or business plan to a Board, they discuss this within the context of the framework described on page 24; in particular its governance policies and procedures.

When a Board puts forward ideas, directives or decisions, management or senior managers should implement these within a Board's governance or the organisational or operational policies and procedures.



The Leadership Group, A Board's Part

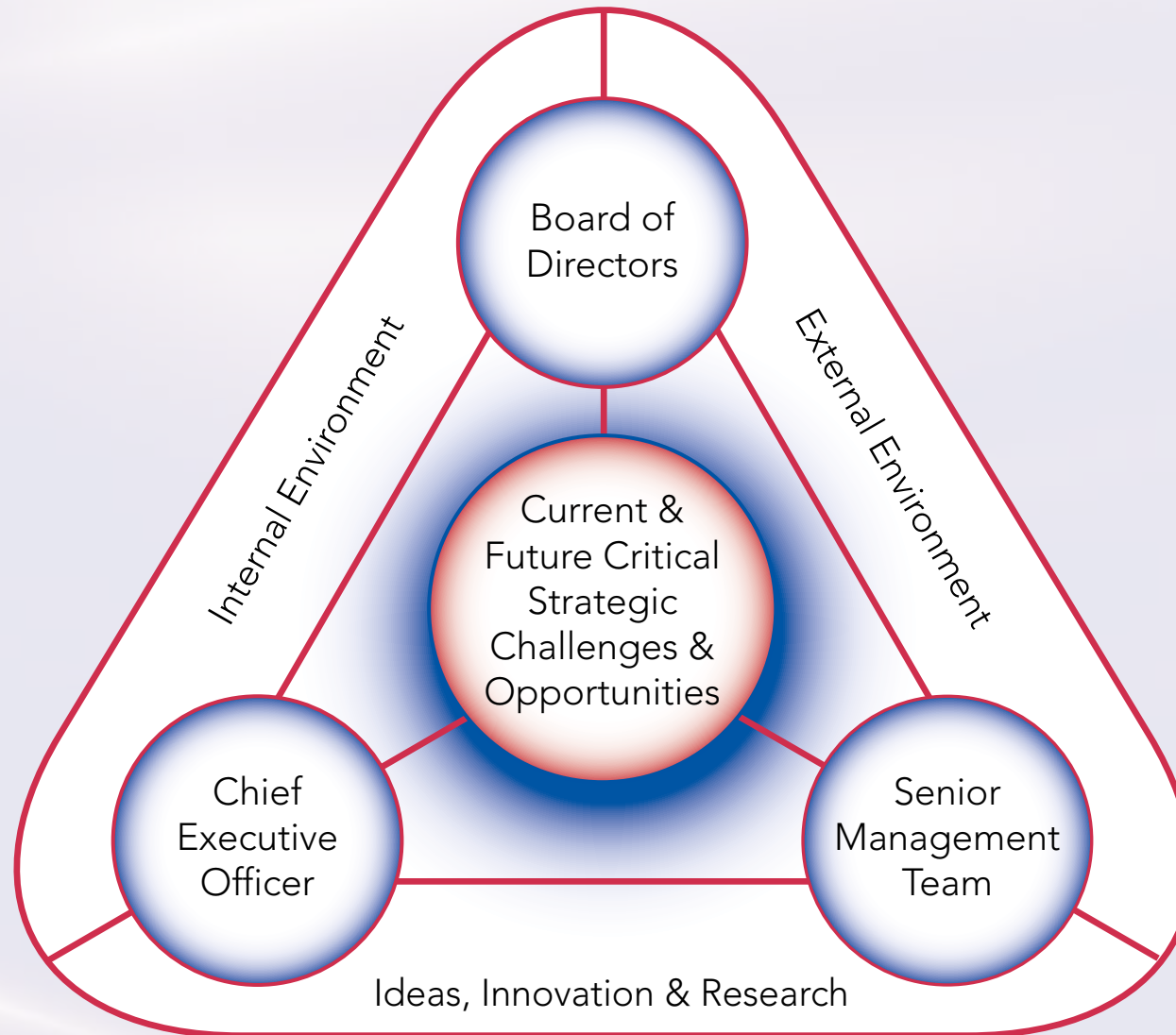
Many Boards establish and operate a leadership group (Board, Management and Senior Management Team).

Typically the leadership group comes together at strategic planning or Board retreats, quarterly reviews or in a crisis.

They should focus on both the critical internal and external strategic challenges and opportunities facing the organisation, now and in the future, undertaking the necessary strategic thinking and discussion. Later the development of the strategic plan occurs.

Or they may focus on one or two critical strategic challenges or opportunities.

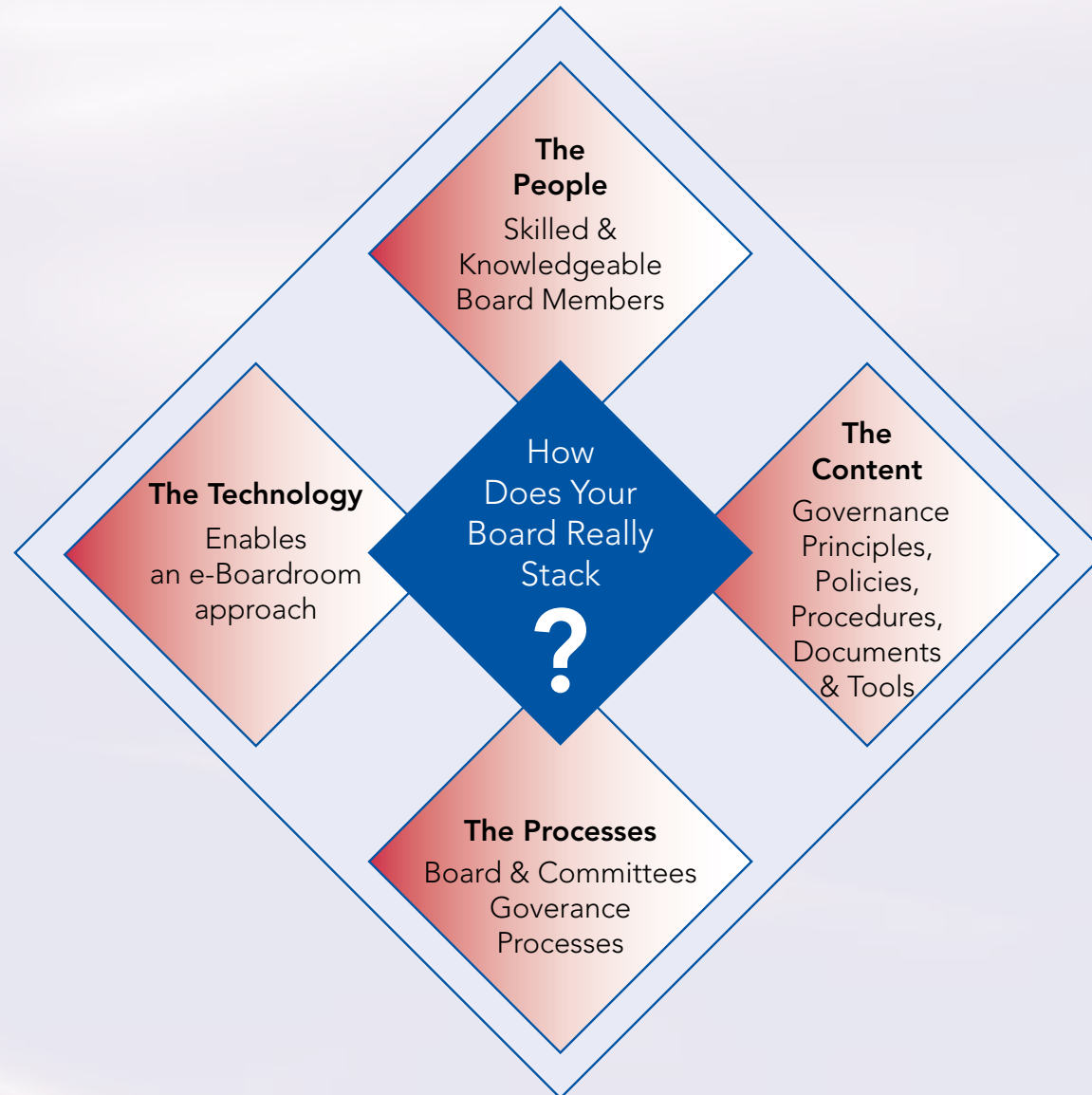
The Leadership Group, A Board's Part





*Section Three:
Typical Approaches To Governing*

Four Elements Of A Governing Board



Typical Approaches To Governing

Paper Approach

Highly paper based approach
"produce and post"

Computer Approach

File based, separate documents
"collate and email"

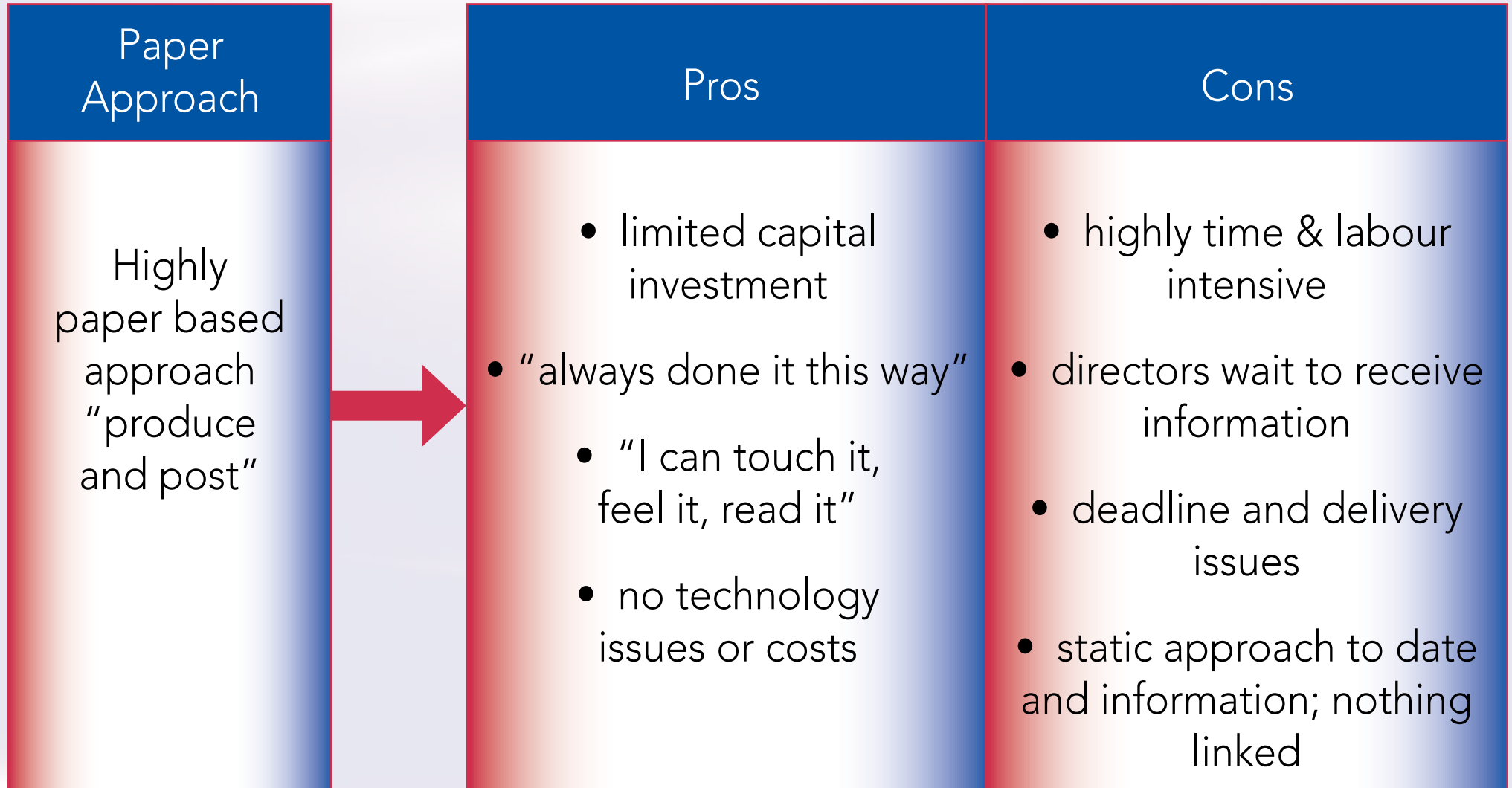
System Approach

Governance system,
"projector and paper"

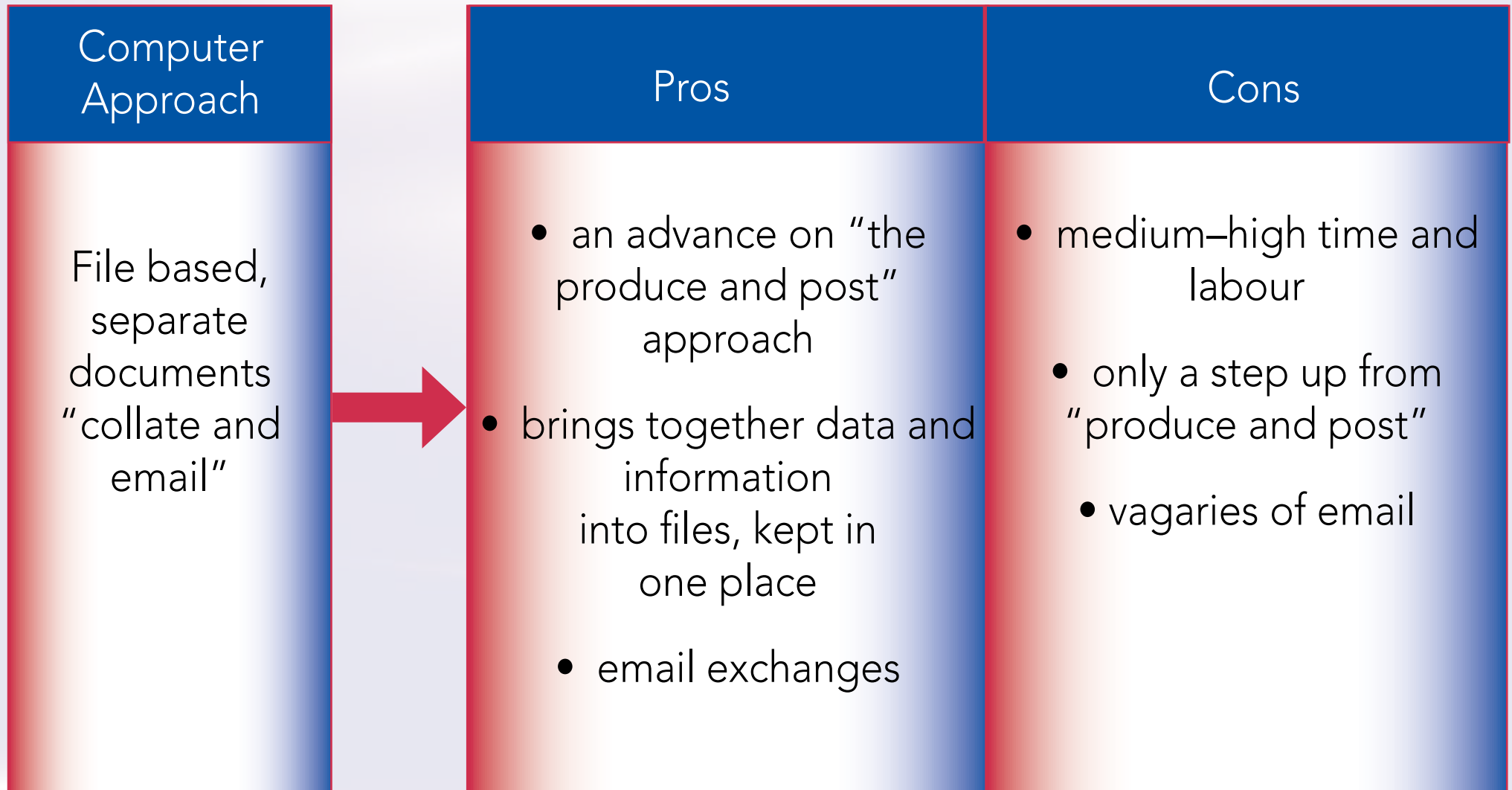
Internet Approach

Secure internet based quality management system
"e-Boardroom"

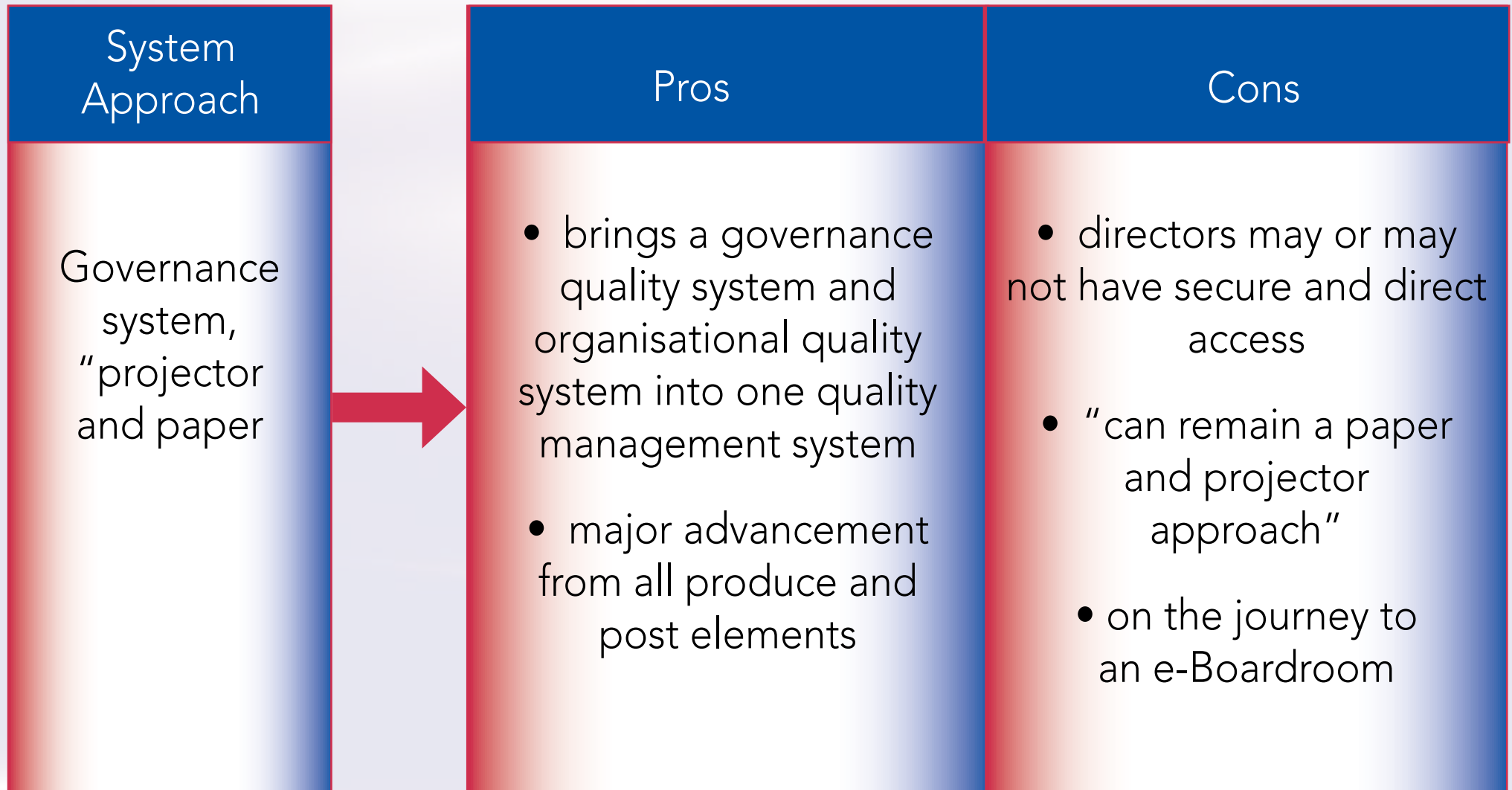
Typical Approaches To Governing



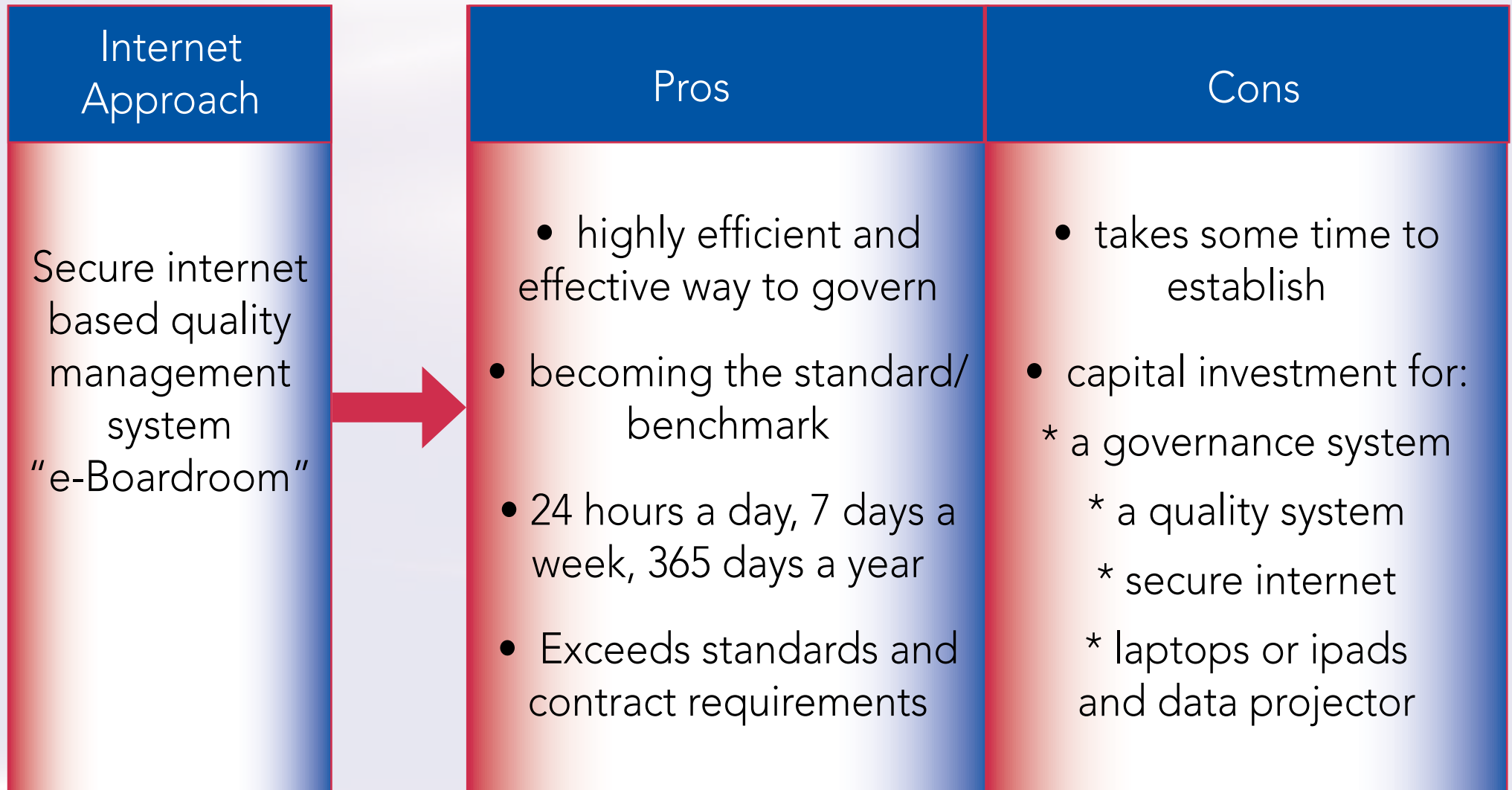
Typical Approaches To Governing



Typical Approaches To Governing



Typical Approaches To Governing



Section Four: The Practical Next Steps To An e-Boardroom



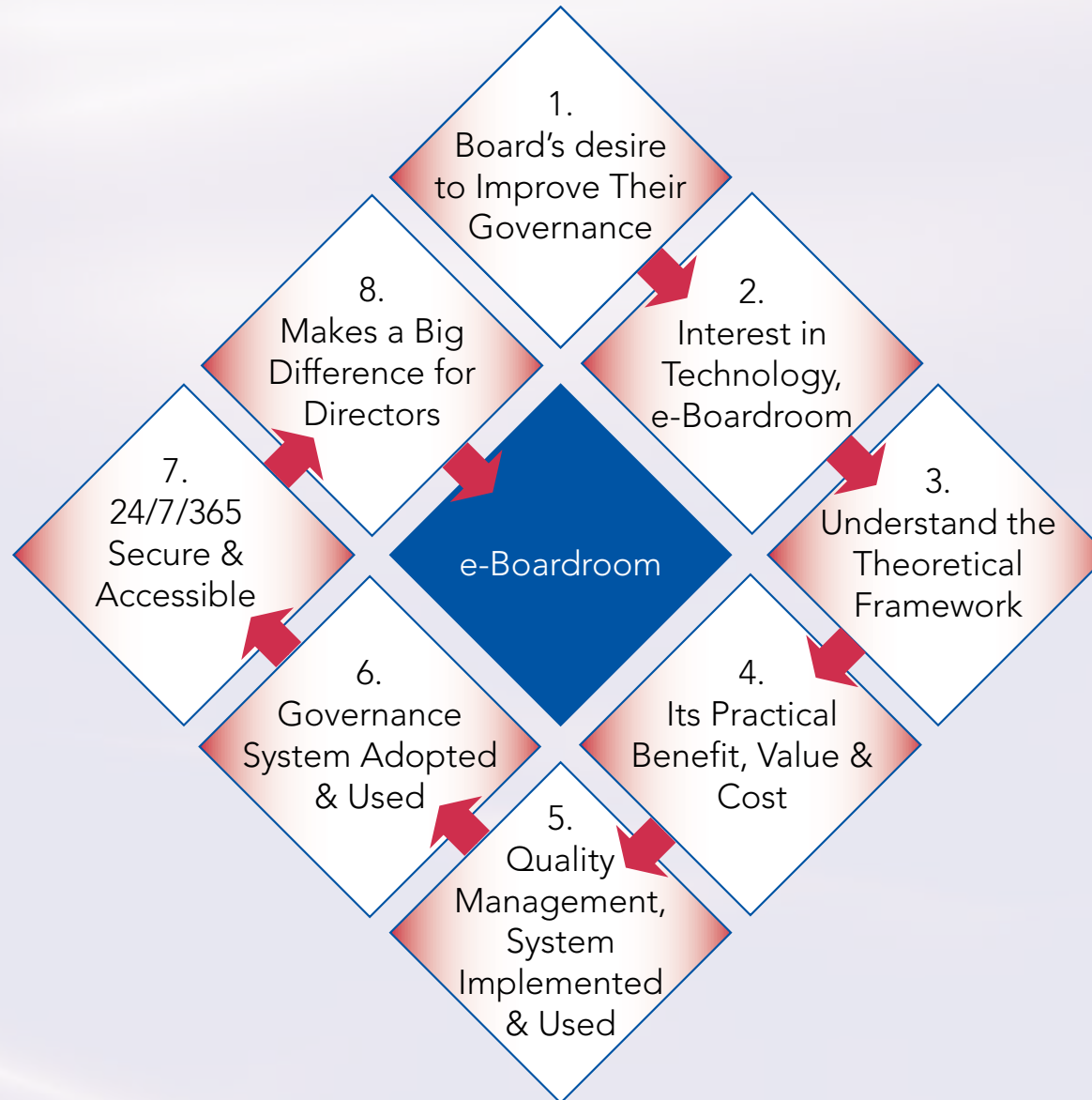
Peter Walsh



Angela Rosenfeldt



e-Boardroom

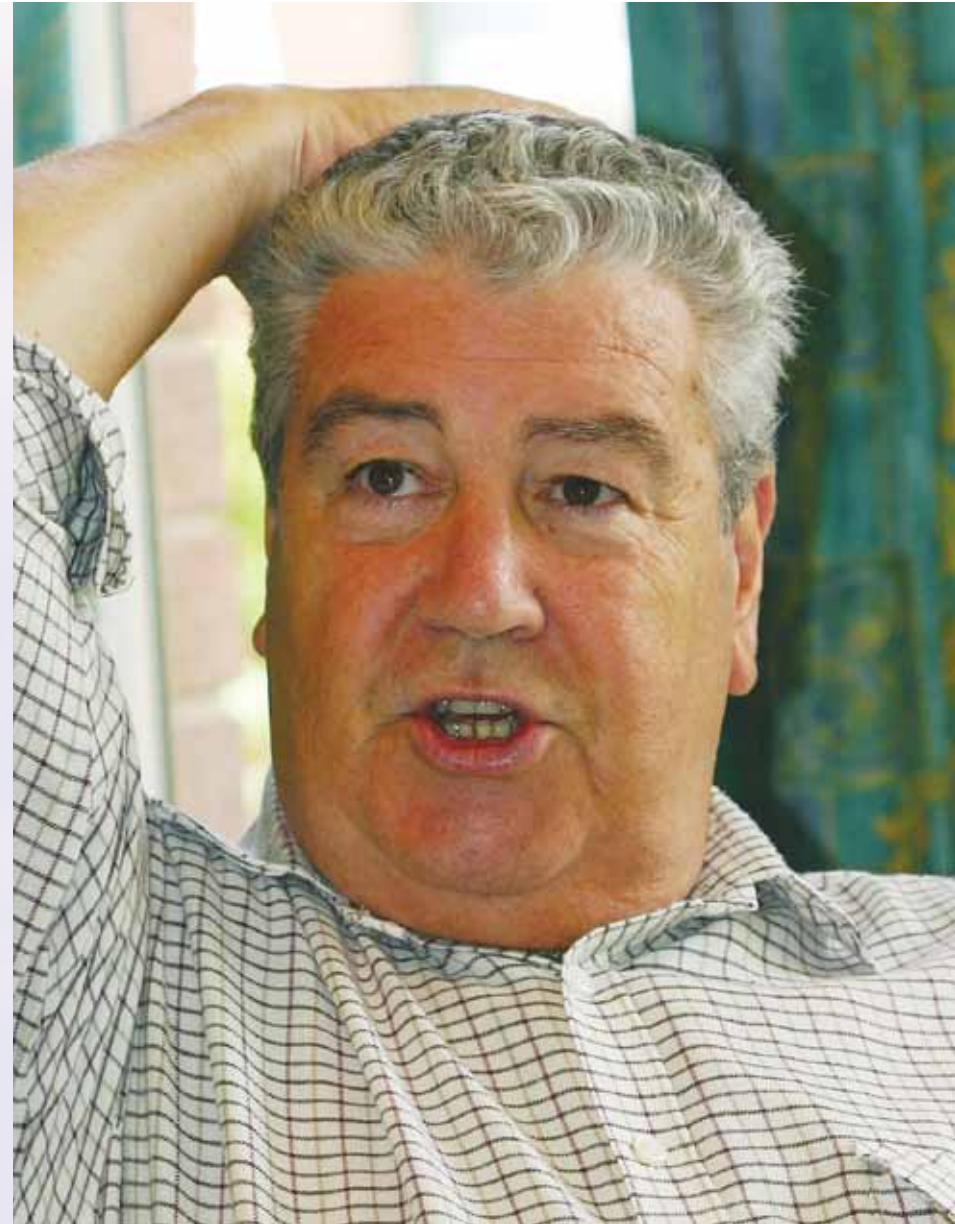


Step 1: Board's Desire To Improve Their Governance

If a Board is to adopt and use an e-Boardroom, fundamentally, Board members need a desire to improve their approach and process to governing.

Typically the Chair or one – two Board members will need to champion the e-Boardroom.

Refer to *"Managing Change: Considerations & Practical Actions For Boards, Chief Executive Officers and Senior Management Teams"* by Michael Goldsworthy. www.asspl.com.au.



Step 2: Interest In Technology, e-Boardroom

For an e-Boardroom approach and process to work, Board members need some degree of interest in technology.

Most importantly an e-Boardroom is only a means, or a method, by which data, information, documents or reports are collated, managed, distributed, discussed and archived.

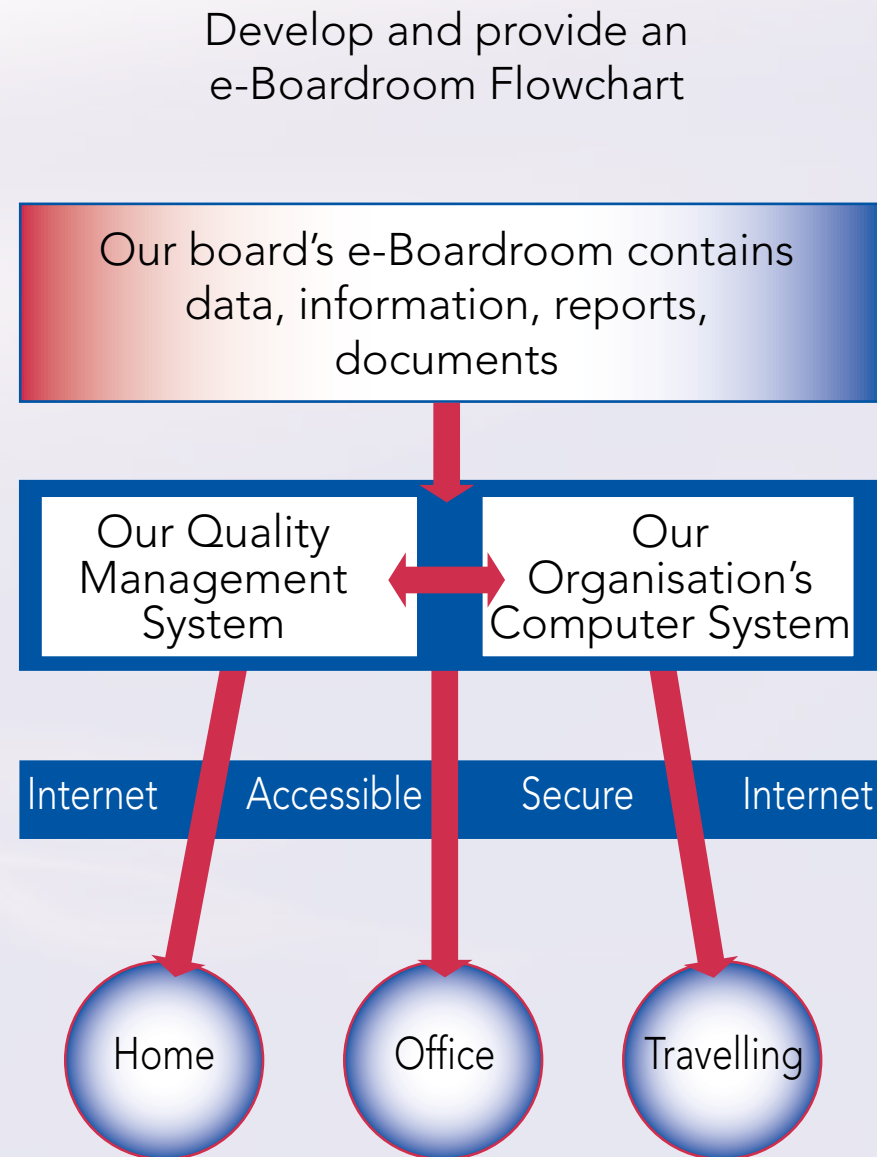
Boards do not need advanced levels of IT skills or knowledge to use an e-Boardroom.



Step 3: Understand The Theoretical Framework

Assisting Board members to gain a basic understanding and appreciation of the theoretical framework of an e-Boardroom helps them in its practical application and usage.

Many Boards which use an e-Boardroom have access to a flowchart that diagrammatically presents and explains how their boardroom works.

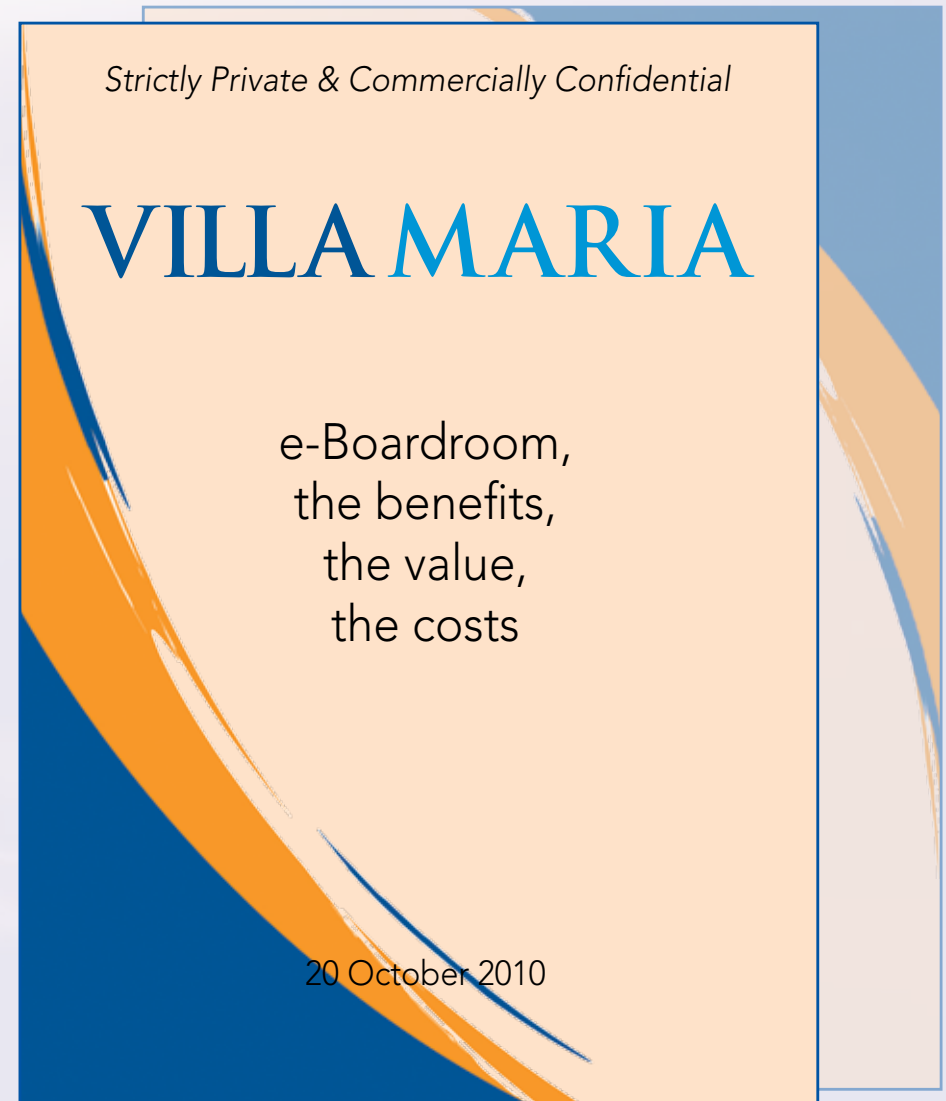


Step 4: Its Practice Benefit & Value

Develop and present your Board with a concise e-Boardroom paper that clearly and concisely outlines:

- the practical benefits
- the true value
- the actual costs.

Ensure there is adequate discussion and, if possible, a practical demonstration of an e-Boardroom at a Board meeting.



Step 5: Quality Management System Implemented

The number, type and requirements of Local, State and Commonwealth governments' legislation and regulation, industry or government standards, contracts and agreements and constitutional requirements continues to increase.

Therefore a Board needs access to a contemporary quality management system that allows them to collate, manage, distribute, report and archive all their governance documentation, tools and resources.

There is a clear difference, but relationship between, a Board's governance quality system and the organisation's quality system. Both should be contained in the organisation's quality management system.

Step 5: Quality Management System Implemented



Step 6: Governance System Adopted & Used

There are five governance systems or models available to Boards of private, public or community businesses in Australia. Alternatively, a Board can develop their own governance system or model.

Governance System Or Model	Developer & Owner	Typically Used By
ASX Corporate Governance Principles	Australian Stock Exchange www.asx.com.au	Australian Public Companies, Listed on the Stock Exchange
Corporate Governance Standards AS8000/AS8004	Standards Australia www.standards.com.au	Australian Public Companies, Listed on the Stock Exchange, Private Companies
TAGS™, The Australian Governance System	Australian Strategic Services email: office@asspl.com.au www.asspl.com.au	Community Businesses, Not for Profit Organisations
The Carver Model, American Governance System	John Carver, America www.carvergovernance.com	Not for Profit organisations, Non-government organisations
The Australia National Audit Office Governance Framework	www.anao.gov.au	State and Commonwealth Government Departments

Step 6: Governance System Adopted & Used

This matrix provides information about the five governance systems available to Boards and what elements are contained within each governance system.

Gov. Framework/ Systems	Elements	Framework/ Approach	Principles/ Standards	Policies	Procedures	Indicators	Tools & Templates	Packages & Manuals	Articles & Models
ASX Governance Principles, ASX		✘	✓	✘	✘	✘	✘	✘	✘
AS8000/AS8004 Standards Australia		✘	✓	✓	✘	✘	✘	✘	✓
Carver Model, America		✓	✘	✓	✘	✘	✘	✘	✓
Australian National Audit Office Governance Framework		✓	✓	✘	✘	✘	✘	✘	✓
TAGS™ The Australian Governance System		✓	✓	✓	✓	✓	✓	✓	✓

TAGS™ is the only comprehensive, Australian governance framework/system available to boards/committees that is practical, easy to use and cost effective.

Step 7: 24/7, 365 Days A Year, Secure & Accessible

Assuming the internet and/or the organisation's computer system is operating and a director has access to a computer, laptop, ipad or telephone, your Board's e-Boardroom should be available:

- 24 hours a day
- 7 days a week
- 365 days a year.

Whether the Board member is at home, at work, travelling or in any other place in the world.



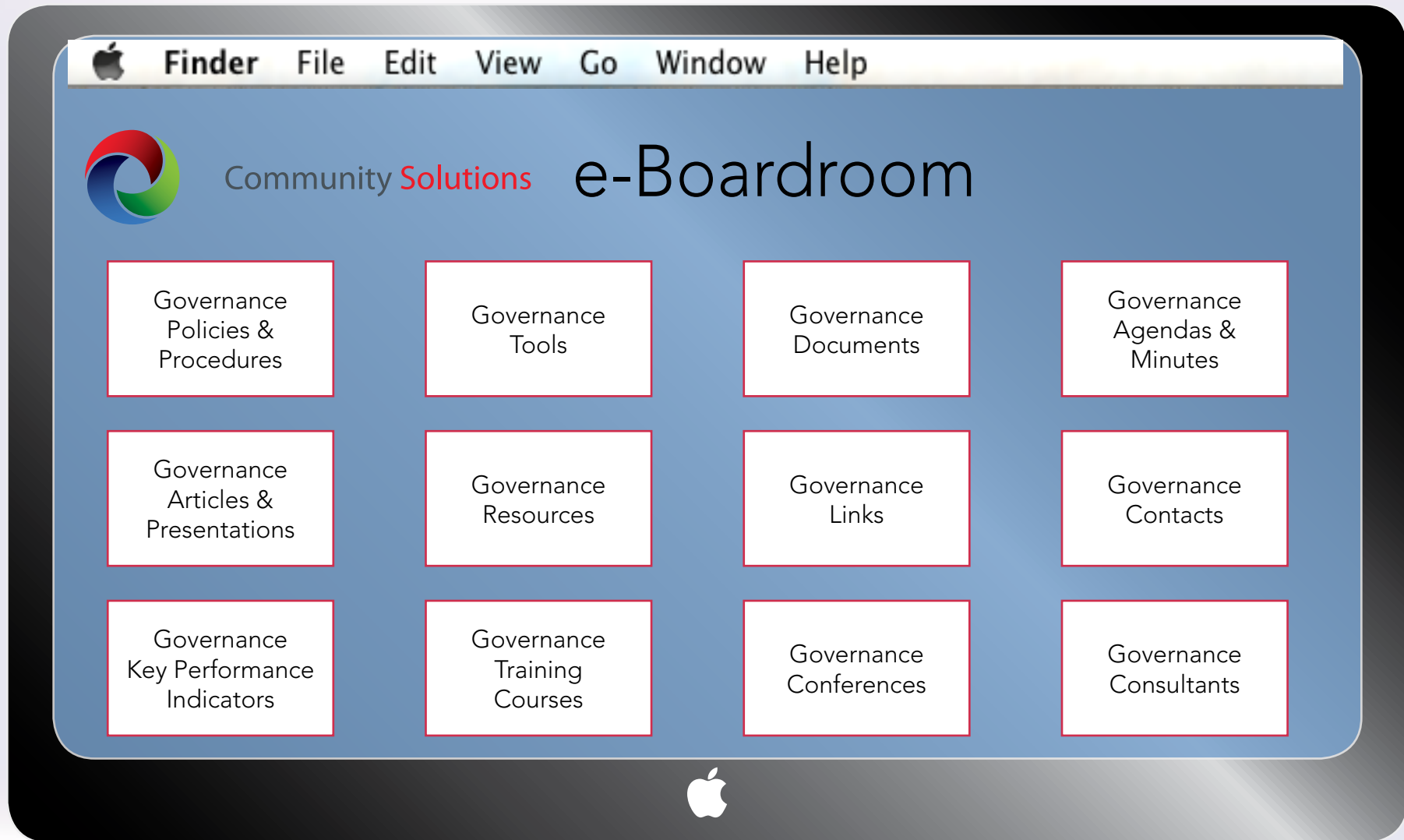
Step 7: Makes A Big Difference For Directors

For an e-Boardroom to be consistently used by a Board member it must be:

- easy to use
- secure and safe
- able to provide timely and relevant data, information, documents or reports
- able to make a reduction in time, effort and process
- a winner and make a difference.



e-Boardroom



e-Boardrooms At Their Best

An e-Boardroom at its very best will, in part, be a high level organisational management system that feeds key data and information via reports to Board members.



Technology in the Board Room

A case study on the introduction and benefits of Villanet for Villa Maria and the Board Room.

**Section Five:
e-Boardroom Case Study;
Villa Maria**

Board Meeting, Before The Move To e-Boardroom



VILLA MARIA

Board Meeting, After The Move To e-Boardroom



VILLAMARIA

Villa Maria's Pathway/Steps To An e-Boardroom

Activity	Villa Maria's Experience
Document and discuss your understanding of the efficiency and effectiveness of the current approach	This was championed by the Chief Executive Officer and set as a Board agenda item
Work with a director champion to build support	The Chair and Board Executive championed the initiative
Demonstrate the ease of use of an It Solution to all directors	Our IT Support demonstrated benefit to the Board
Set up the IT system	Laptops were purchased for all directors, with home support from our IT team

VILLAMARIA

Villa Maria's Pathway/Steps To An E-Boardroom

Activity	Villa Maria's Experience
Train directors in the use of the IT system	Directors were provided with support at home and at Board meetings for at least the first 3 meetings
Advise directors of the paperless meeting	Directors were advised of the first paperless meeting in advance. Excellent support from the company secretary in document management
Ask for feedback and review the process as part of the annual governance cycle	Constant feedback received on the process. Review of use is now part of the annual governance review

VILLAMARIA

Barriers To Success

- Lack of Board commitment
- Not linked to improved Board governance, lack of discussion of efficiencies and benefits
- No champion for an e-Boardroom
- No strategy for how data and documents will be stored and displayed
- No training and support for Board members
- No review and improvement process



VILLAMARIA

Some Key Results

- Collaborative reporting processes
- Improved accountability and transparency
- Increased analysis possible due to efficient data and information capture and storage
- More timely, accurate and detailed reporting
- Significant reduction in paper based document storage
- Improved accessibility



VILLAMARIA

Section Six: Where To From Here?



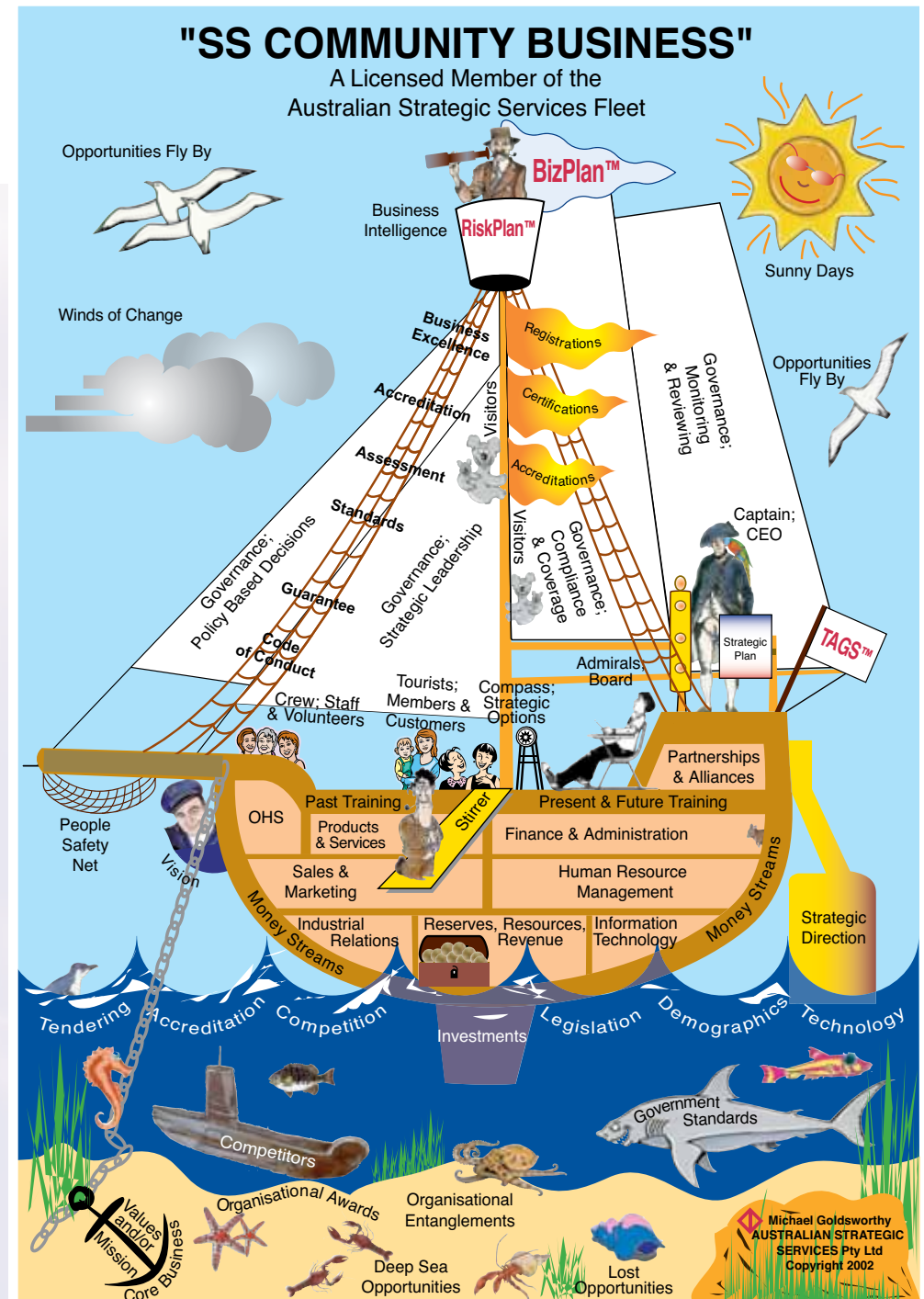
My e-Boardroom Action List

e-Boardroom Ideas & Improvements	Who	When

e-Boardroom Thoughts. e-Boardroom Reflections

In conclusion a Board should:

- put its hands around the business, not in the business
- work on the business, not in the business
- govern the organisation, not manage the organisation
- focus on the future, not flounder in fear of the future
- not walk backwards into the future, looking at its glorious past
- develop and drive the vision, mission, values and core business, leaving management to develop and deliver the products and services
- always remember, a Board governs the organisation whilst management manages the organisation, even with an e-Boardroom.



Further Information

For further information, a copy of this presentation, other presentations or to discuss your Board's requirements contact:

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