

# BOARD AND RISK

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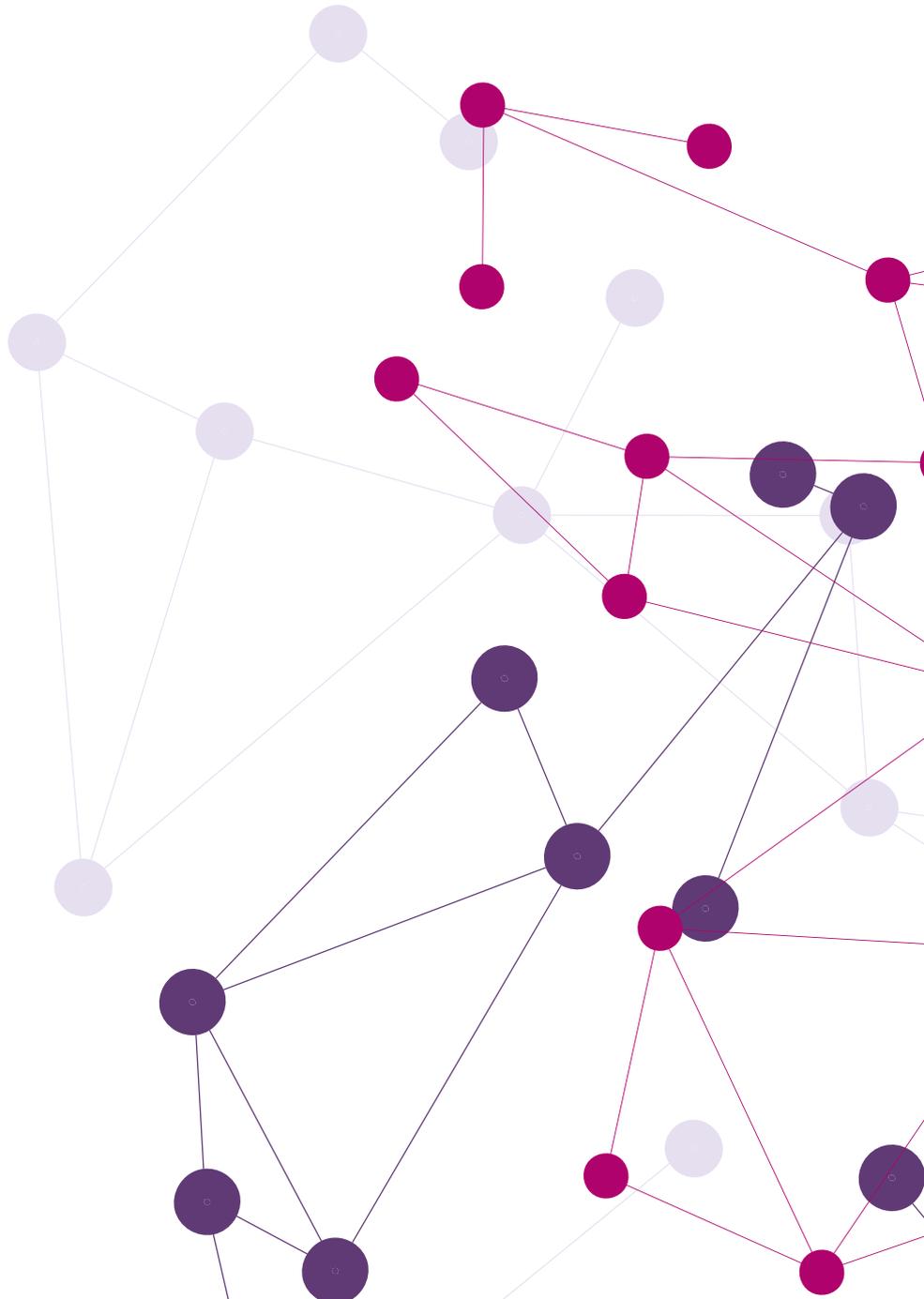
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## *THE BOARD'S RESPONSIBILITY FOR RISK*

In this series of articles on board responsibilities, structures and performance, we turn our attention to the topic of risk. Is it a necessary evil or your next big opportunity?

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# THE BOARD'S RESPONSIBILITY FOR RISK

For many trustees, addressing risk equates to a risk register and actions to ensure that the profile, credibility and future of the charity is secure. The textbooks tell us to adopt one of four 'risk strategies': transfer risk, avoid risk, mitigate risk, or accept risk by obtaining insurance, for example. By following these guidelines, trustees will maintain a safe operation that can be handed back without due concern.

*But aren't we missing something here?*

*Should our only approach be to avoid or minimise risk?*

*Is all risk really bad?*

In this article I argue that the role of the trustee includes not only ensuring compliance, but also improving performance. It's a question of legacy: is your aim to hand back a safe charity or a better charity?

For those who have been involved in the early stages of a charity, or a commercial company for that matter, the first months and years can be extremely challenging but also very rewarding. Creating something from nothing requires vision, energy, passion and commitment.

It's a risky time for all concerned but the risk is managed, accepted and embraced as a natural consequence of starting-up.

As our venture passes into what I've termed the growth phase, we learn to manage our resources and build long-term capability. When things are going well we deliver growth, often reflected in financial figures but also in the impact that our work is having in our target area. A charity can still be 'growing' without increasing its monetary turnover.

During this phase the work is stimulating: our team are pushing beyond their comfort zone to learn new things and often having fun. Risk is managed. It is recognised that continuous growth and development requires us to be prepared to change; to innovate; to not be stuck in the past. All change brings an element of risk and in this healthy phase we embrace the risk and enjoy the benefits.

## Reference

1 Adobe (2012) *State of Create Study: Global benchmark study on attitudes and beliefs about creativity at work, school and home.*

The report is available to download at [www.adobe.com](http://www.adobe.com).

## THE BOARD'S RESPONSIBILITY FOR RISK

Think ahead to a time when our organisation has reached a plateau. This may be reflected financially in flatlined income. It may be reflected in the observed impact of our work. It may be reflected in management processes that have become too internally focused. It may be reflected in the mindsets of the leadership team if they become risk averse.

Many organisations reach this plateau. Some break through the barriers to enter a new phase of growth – a new 'S' curve. Many, however, continue on the plateau, often slowly becoming less relevant. A few others may eventually disappear.

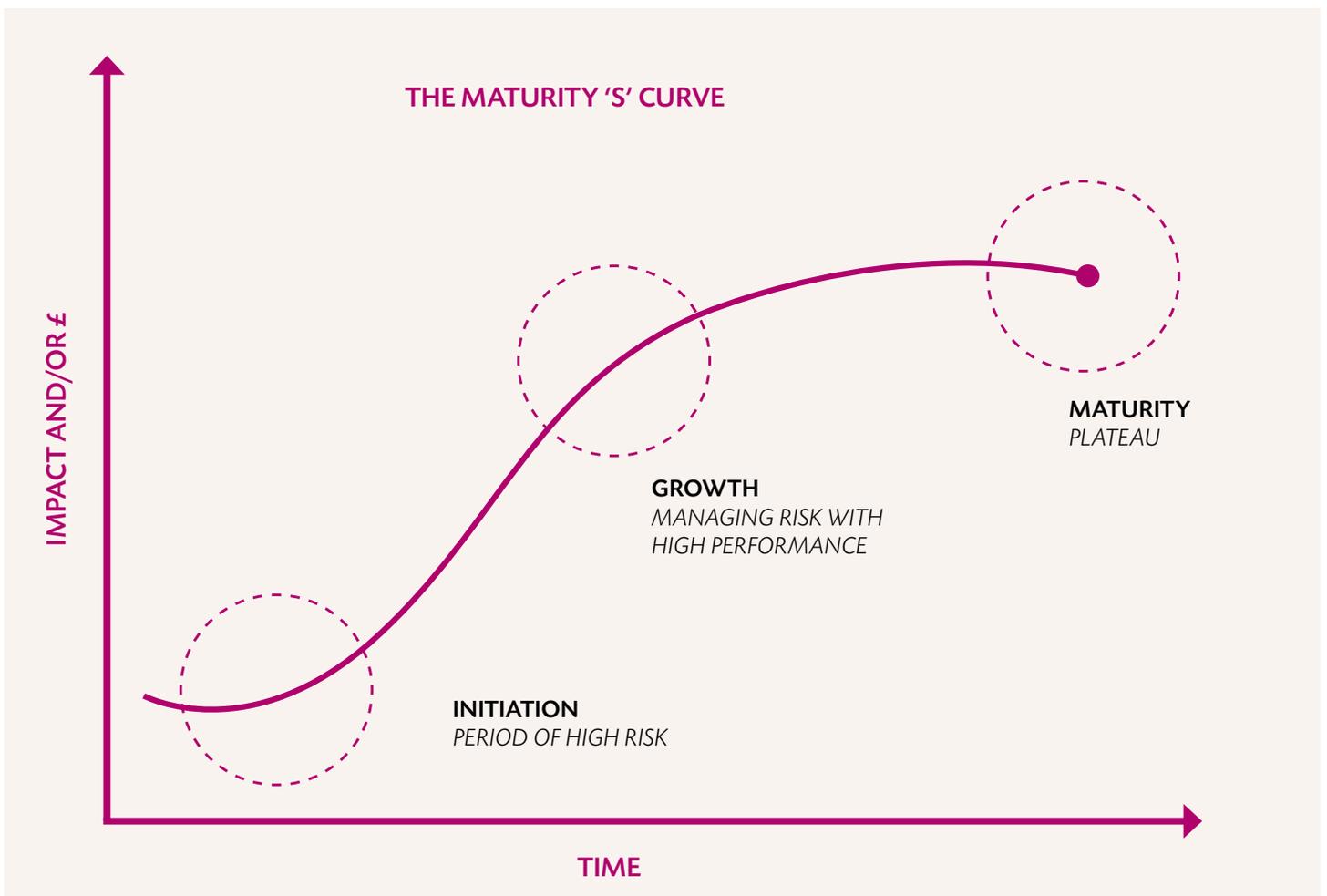
*So where is your organisation on the curve?*

*If you are on a plateau, what do you need to do to enter a new phase of growth?*

*How could you deliver greater impact with the same or even reduced financial resources?*

### What are your strategies for breakthrough?

Adobe's 2012 global survey of creativity<sup>1</sup> found that only one in four people felt they were living to their creative potential and three quarters felt an increasing pressure to be productive, rather than creative, in their work. Is it really necessary to choose between productivity and creativity? How could we achieve both?



# BREAKTHROUGH STRATEGIES

*Below we consider four ways to stimulate breakthrough: fresh thinking, fresh insight, fresh ways of working and fresh faces.*

## Fresh thinking – mindsets

Ultimately, the performance of your organisation is governed by the performance of your people. Creating mind sets that, for example, stimulate a culture of innovation won't just happen on its own. We need to train our minds to think differently about the challenges we face, question our underlying assumptions and think creatively, while at the same time delivering improved productivity.

The Irish psychologist and bestselling author Valerie Pierce highlights the importance of distinguishing between our emotions and passions, to think positively about the challenges we face and to sustain our focus.

Valerie's work, and that of other thought leaders in this area, serves to open our minds to different ways of thinking, allowing us to break free of limiting mind sets and find new ways of solving old problems. To take risks.

Attending one of Valerie's workshops may provide the stimulation your team need to break through to the next phase of growth.

### VALERIE PIERCE:

#### 'Leading Innovation'

We are delighted to announce that the celebrated thought leader and author Valerie Pierce will be leading workshops at NCVO on innovation in the voluntary sector. Her bestselling books 'Quick thinking on your feet' and 'Focus – the art of clear thinking' demonstrate the power of Valerie's work. Her workshops are of the highest calibre, leading edge and highly interactive.

More details:  
[www.ncvo.org.uk/events](http://www.ncvo.org.uk/events)

## Fresh insight – board review

The Institute of Chartered Secretaries and Administrators (ICSA) suggests organisations should consider an externally facilitated review of the board's performance every three years. An external perspective on your organisation and how it operates may be what you need to stimulate breakthrough.

After we've been working in an organisation for a year or two it can be easy to accept ways of working without challenging why things are as they are. At this time we may all benefit from an external perspective – a different pair of eyes to provide the fresh insight we need to stimulate our learning and to move our organisation forward.

A robust review of your governance and board performance will address both the 'hard' and 'soft' aspects of the way your board and senior executive operate, including clarity on roles, processes for control, accountability, integrity and trustee satisfaction. It will strike a balance between reflecting back and advising the trustees and executive on future priorities to ensure good governance and improve the performance of the board.

### GOVERNANCE AND BOARD REVIEW

NCVO's unique experience in volunteer research, sector policy and organisational support enables us to prepare and support trustees in their role to improve governance processes and the performance of their voluntary organisation.

NCVO provides governance reviews, trustee skills audits and board performance reviews using the unique 'Governance Wheel' tool to analyse and improve trustee and board effectiveness.

More information:  
[www.ncvo.org.uk/consultancy](http://www.ncvo.org.uk/consultancy)

## BREAKTHROUGH STRATEGIES

### Fresh ways of working – process review

At the heart of all delivery and support operations are the ‘processes’ that our people operate. It is often the case that many of the critical processes within an organisation have developed over time, evolving rather than being designed. As our environment changes, these processes will also need to change to avoid a situation where they are no longer fit for purpose. When processes are not as they should be this can often be reflected in comments heard from employees such as: *‘Why can’t that other department give me what I need to do my job?’* or *‘Why have we recruited another three people when we’re duplicating work between fundraising and business development?’* or *‘We knew what needed to be done months ago, so why can’t we make a decision and get on with it?’*

Each of these comments is a symptom of waste.

### When was the last time your organisation reviewed its processes?

A process review will highlight activities that are duplicated, activities that add little or no value to your mission and activities that are so variable that they result in additional effort to correct errors. All of these features can be summarised as ‘waste’. Wasted time, effort, resources and ultimately wasted money. How effective is your organisation at using the resources available to meet its mission? How do you know?

### PROCESS REVIEW

To secure a sustainable future for your charity, it may be necessary to challenge and think differently about how your services are delivered. We introduce an approach to understanding and improving ‘core and support processes’, including the use of so-called ‘lean’ tools, and explore how these can best be applied within the voluntary sector.

Join our workshops to look more closely at your organisation’s processes

More information:  
[www.ncvo.org.uk/events](http://www.ncvo.org.uk/events)

### Fresh faces – new trustees

There’s one sure way to change the way a team works: change the team!

Bringing in fresh faces to the board of trustees may provide the energy needed for breakthrough. New skills, enhancing existing skills or simply providing a fresh perspective may help to unlock the potential of your organisation to move beyond the plateau.

Recognising the need for new faces is one thing, finding the right person is quite another. Our experience working with many trustee boards has taught us that a broad search is essential to introduce the diversity of experience and skills required for successful board performance.

The strength of the team is, after all, to be found in the differences between team members, not the similarities.

The first step will be to complete an audit of the existing board: what skills and experiences do we need to be successful? What skills and experiences do we currently have? Where are the gaps? Will the recruitment of a new trustee be part of the way in which we close the gap?

### TRUSTEES UNLIMITED (TU)

TU brings together NCVO’s in-depth understanding of the voluntary sector, the legal skills of Bates Wells Braithwaite and the search and selection capability of Russam GMS. Formed in 2009, the TU joint venture has placed over 200 trustees, chairs, treasurers and non-executives, making it the UK’s leading specialised trustee recruitment service.

More information:  
[www.trustees-unlimited.co.uk](http://www.trustees-unlimited.co.uk)

# WHAT NEXT

*At NCVO we have a range of ways to support you on your journey.*

## Breakfast briefings

Held monthly, these short sessions provide an introduction to various topics of interest, creating a valuable opportunity to network, learn from the experiences of others and hear from thought leaders.

## Learning workshops

One- or two-day workshops that go into more depth on the subject area. These are highly interactive and provide time to network, learn new things and practice what is learned.

## Consulting

Tailored support from NCVO's team of consultants, who specialise in the areas of governance, board development, strategy and innovation.

For more information, visit [www.ncvo.org.uk/consultancy](http://www.ncvo.org.uk/consultancy), email [consultancy@ncvo.org.uk](mailto:consultancy@ncvo.org.uk) or call Donna James on 020 7520 2587.

## ABOUT THE AUTHOR

Nigel Kippax is head of consulting and training at NCVO. He has over 20 years' experience working with organisations in the voluntary and corporate sectors, including the RNLI, British Council, the BBC and Airbus.

Nigel has been a trustee of the Royal Blind Society and a judge on the Youth and Philanthropy Initiative (YPI) for schools. He qualified in Chemical Engineering from Imperial College, holds an MBA from Ashridge Business School and is a Fellow of the RSA



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