

8. Engagement

Speaker Key:

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EL Welcome to the Community Colleges Australia podcast, I'm Ellen Leabeater, you're listening to the last episode in the Board Governance series. Today, two types of Board engagement, director engagement and stakeholder engagement. You'll hear from Phil Butler, not-for-profit sector leader with the Australian Institute of Company Directors on the importance of stakeholder engagement.

PB Without stakeholder engagement it's so easy for not-for-profits, or indeed any organisation, to lose the plot.

EL That's coming up a little later on in the episode. First up, Patricia Carroll will explain her experience in keeping Board members engaged in their role. Patricia is the CEO St George & Sutherland Community College in South Sydney. She starts by explaining her Board structure which is a little bit different to the norm.

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PC We're a little bit unique, I'm not sure it's happening in many of the other colleges but from day one, because I actually had a career in the corporate world, I was aware of what's known as the West German form of governance which is, the Managing Director is a fully voting Board member. So I'm a fully voting Board member with our college over the years, and there'd been many years, this has worked really well for our organisation mainly because it means that I carry the same level of responsibility as I'm asking our Board members to take.

EL Let's talk about recruitment, how do you go about recruiting new members to the Board?

PC I've taken the position over the years that it's best to have the people who are the major stakeholders, if we can, largely involved in the Board. Over the years I've never been disappointed with this particular approach because there are some amazing people who attend our college and they actually involve people like Westfield General Managers and people who are retired company Secretaries.

I believe that the best recruits that we get are those students who already had an interest in the college. And then I think the major part after that, after the recruiting, is to try and grow their governance knowledge.

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EL Moving on now to engagement, what does that mean for a Board member?

PC I believe that engagement means that they, they're fully present, they're fully passionate and they're fully involved with their role, they're not just sitting on the sidelines, that they're active. So I think it's really important that you encourage people to ask questions. There's no such thing as a stupid question because the likelihood is that someone else in the gathering, a fellow Board member, might also be thinking, I would like to ask that question but I think it's stupid.

So it means that, from our Chair's point of view, our Board President's point of view, no one is ever made to feel small, if I ask any, sort of, a question it's always valued as something that either grows knowledge or brings insight of another sort.

EL Questions are one way that Board members can be active, are there any other ways that you try and encourage?

PC I think we have quite a good particular focus here where we believe that we need to grow the knowledge of the particular Board members by giving them what we call a portfolio responsibility. And each year we encourage them to change their particular portfolio, they usually go with the one that interest them the most and then depending on how long they're with us, they'll change each year their particular portfolio.

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So this means that their knowledge of each department or each endeavour or activity has the opportunity to grow in-depth that they're not just attending a quarterly a however many times per year meeting. So, and then there are the traditional ways of getting them involved in things like graduations or open evenings, when they're on.

EL We've talked a lot about what an engaged Board member looks like, have you sat on Boards before where some of the members haven't been all that engaged?

PC I've been quite fortunate, because I've been involved in one Private Equity Board and because everyone had their money where their membership was, it meant that everyone was very engaged and had their opinions, very strongly, so that was very good.

And I've been on a number of Community Boards, I've been on CCA Boards and thankfully in all of those Community Boards you very rarely get people signing up unless they have significant experience. So we generally, we don't usually get shy people, thank goodness, but certainly the President of our Board is very sensitive

usually to making sure that if people are a bit quiet they're encouraged and, you know, they're asked to give their opinions so that they're not just blend in.

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And we're very much at pains to make sure that cliques don't happen because that's a sure way for people to be sidelined and to begin to be quiet because they see that there's a powerful clique that, you know, with people just speaking up all the time and tending to sway decision making. So it takes quite a skill to be able to be President and thankfully we've always had a very good President at the helm.

EL How would you describe what the line is between being an active participant in the Board and being overactive?

PC Overactive, I suppose, is the person who dominates discussion and doesn't allow other people to be involved, or it's the people who believe that they know it all, which, you know, it can be a great mistake to make because there's always something to be learned.

But at the beginning of the year our President at the time will always make sure that people understand the rules as far as making sure that people are all encouraged to add to the debate and that, you know, questions aren't silly questions ever, all of those things I think mean that it's very rare that someone will dominate.

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EL What do you do for first time Board members in particular to make sure that they're passionate?

PC At the beginning of the year at each meeting, at each first meeting for the year, the President will actually go over the major issues as far as governance is concerned, conflict of interest, making sure that we're trading solvently, all of those really important things.

We usually give a new recruit, regardless of their previous experience, we give them a package which contains tips and tricks on what governance is about, we have a description for each of the positions, President, Vice President, Secretary, Treasurer, everyone is armed with their job description. The fact that we need to listen to each other and learn from each other, that PD is something that is ongoing, you can never know too much about governance and that we always need to be discussing our role as Board Members and making sure that we are having that reflective time.

There's very little role for complacency and hopefully a new Board member will be run through their paces as we're all reminded each year through this ongoing PD, we're all reminded on a regular basis of our responsibility, which is a big one

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EL So what does too much engagement look like?

PC Too much engagement can look like a person who is wanting perhaps to get too involved on the management side, who doesn't understand the difference between governance and management. There was a very interesting article that was brought to the attention of our Board by one of our Board members, following the Team Warner issue, he was the Channel 7 boss who'd had the affair with his offsider and it brought disgrace to the organisation, it meant that he got a docking of his pay.

As the CEO, he was kept as the CEO, he didn't lose his job but a couple of Board members were actually, decided to resign because they felt there had been a whitewashing of the situation. And there was a very good article that was put together by the ABC, by Ann Arnold, and this particular article came up with some best practice from other Boards, and one of the particular Boards had a saying that was, the particular Board members, nose in but fingers out.

So a Board member needs to know what's going on in the organisation so they can't afford to be looking like they're wanting to a part of the management team. And so sometimes it's tricky to say, well look, I think you've gone a little bit too far, you really don't need to know absolutely everything about the AVETMISS statistics, you need to know that they have to get taken up, but you don't need to sit by the AVETMISS reporter each time to make sure that it's done properly.

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And I think that's, that's it and it takes a good President and it often means that other Board members can often be the people who will say to a person, if they are going too far in their engagement, well look, I think that's probably a management thing and maybe the Board should be butting out

EL Patricia Carroll, CEO of St George & Sutherland Community College. Now, Phil Butler from the Australian Institute of Company Directors joins me to talk about stakeholder engagement. What does stakeholder engagement mean?

PB Simply put, to me, stakeholder engagement is about talking with the appropriate people for your organisation. Now, that could be as simple as, if you're running the local tennis club that you're talking to the members, maybe some of the neighbours, your local governing body, whether that be the overarching tennis organisation in your jurisdiction.

It's about keeping them informed in what you're doing, so whether that's a redevelopment of the tennis club, whether it's about having an open day, whether

it's about, we've got to have some succession planning happening for our organisation.

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The larger the organisation gets, the more complicated this becomes. So it could include, if you're running a disability service, all of the people that are receiving the benefits of that service, plus their friends and family perhaps, plus the Government Agencies that are involved in regulating that area, it might include financing, banks who are doing financing.

So the list goes on quite broadly and the type of conversation you need to have with those stakeholders probably varies depending upon the type of organisation it is.

EL Who's responsible for having those conversations?

PB At the end of the day stakeholder engagement is about having a properly run organisation. So that to me says that the Board is responsible, it doesn't mean that the Board needs to do all of that stakeholder engagement, although they will need to do some, they can delegate that to the CEO or other management teams within the organisation.

But for smaller organisations it is often the Board, it is often the President, the fellow directors, who need to go and have those conversations, whether they're done through media, social media or in fact one-on-one conversations.

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EL Why is it important to have stakeholder engagement?

PB Without stakeholder engagement it is so easy for not-for-profits, or indeed any organisation, to lose the plot, to go off on a different tangent than where they should. I had an example a couple of years ago of an organisation that were doing fantastic things.

The new elected Board made some really smart commercial decisions, but in making those decisions they actually forgot about the people on whose shoulders they stood. So all of those volunteers that have built up the resources, a decision was made that really put offside some of those previous people, and they hadn't been viewed as being stakeholders.

So you need to think about who are the stakeholders for your organisation and the sorts of discussions you need to have with them.

EL What are the different ways you can engage your stakeholders?

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PB It's a really interesting one in this day of social media and instantaneous media, that you can think about doing exactly that. My advice would always be to think about the audience and tailor the message that way.

For some that might still be the Town Hall meeting, you know, that's the way that you can get the best feedback from the key stakeholders in that sort of environment, where you are face-to-face, it sounds old school but it really works.

But for others, you know, through media, through social media can get a much broader brush of organisations.

EL Are there any examples you can give of organisations that are doing stakeholder engagement very well?

PB I was on the Board of an organisation who are moving from being a federated structure to a unitary structure. By that I mean that instead of each State having their own organisation they'd, kind of, be a single organisation of which each State would be a part of. Now, the stakeholder engagement to get that over the line in a relatively short period of time was fantastic to see.

So the stakeholder engagement really included some great discussions with staff, it included great discussion with people who were being provided the service, it included great discussions with the family of the people that were being provided the service, it included great discussions with the Government who was providing funds.

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And the basis of those conversations was, we are on a journey where we think we'll move from being a federated structure to being part of a unitary structure, that there will be implications on that along the way, there will be things that we'll need to think about along the way and we'll keep you in the loop of those as we go along the way, and get feedback from you as we go along the way.

Now, the conversation with staff is very different from the conversation with Government, but they are of equal importance and they're done differently and done at different times.

But the critical part that they did well was that they kept it very open from the outset, to even be saying we're considering that this might happen, we don't know as yet, but we want to be open with you very early on, rather than springing it on as a surprise when you're halfway through the process.

EL Phil Butler from the Australian Institute of Company Directors. This is the final episode in the CCA Governance Series. Thanks for listening. This podcast is

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