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| Case studies Governance Capability Framework not-for-profit organisations |
| Research findings and case studies |
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# Thank you

The Nucleus Consulting Group would like to thank all those who contributed to the research project, particularly those organisations that took part in consultations or agreed to participate as case studies, and members of the Reference Group who provided input and comments at key points throughout the project.

# Introduction

Nucleus Consulting Group were commissioned to conduct a research project to help build the capacity of the not for profit (NFP) sector to recruit board and committee members, thereby ensuring that a range of skill sets are available to support the operation and function of their organisation. Central to the project were:

* conducting a literature search of good governance for NFP organisations
* surveying current and prospective board members on their pathways to serving on a NFP board or committee
* documenting as case studies the experiences of six NFP organisations that had implemented the recently released OCS Community Sector Governance Capability Framework (the Governance Capability Framework), a widely researched resource designed to guide NFP organisations on all aspects of effective governance.

# Research findings

## Motivation and preparation

The majority of serving and prospective members choose to serve on NFP boards and committees due to a strong commitment to the cause of the organisation and a desire to contribute to the community. Other findings include:

* few joined for personal reasons such as career advancement, to fill a social (friendship) need or because they felt an obligation to say ‘yes’
* for many their experiences of being on a board or committee are positive and enjoyable, and consider their board or committee is very functional and does not experience major challenges
* most board members considered they had been approached to join a board or committee because of their specialist skills
* many current and aspiring board members come with an educational or work experience background that is relevant to the skills required for good governance
* most have also done some research on the organisation they will be joining, although this does not follow a consistent pattern and may not be optimum preparation for the role they will be undertaking
* most people looking to join a board or committee appear to favour larger over smaller organisation.

## Recruitment

The majority of boards and committees utilise their existing networks to recruit new members. While this identifies people whose skills are known it can also limit the diversity of the board which is essential for effective governance and sustainability.

Successful strategies used to recruit new members included:

* using a skills matrix such as the [Governance Capability Framework tool kit](https://fac.dffh.vic.gov.au/governance-capability-framework-tool-kit)   
  <https://fac.dffh.vic.gov.au/governance-capability-framework-tool-kit> to assess the strengths and gaps in the board and on that basis target new individuals with the requisite skills/experience
* if a prospective board or committee members does not have the requisite governance skills or experience, an alternative role is identified to encourage ongoing participation, such as secondment to a subcommittee, reference group or as a volunteer on a specific project
* reviewing the legislative and regulatory requirements of the organisation and matching board composition to these needs, e.g. disability standards, childcare regulations
* actively seeking people who understand the governance role, have a good understanding of the meeting procedure, are skilled at ensuring participation by all members, and have good conflict resolution skills - particularly important for the position of Chair
* forming a partnership or strategic alliance with another organisation where board members reciprocate on each other’s boards, e.g. a community organisation and a registered training organisation partner to further the mission of both organisations via sharing of board members (due consideration should be given to any legal requirements that may direct or bind these relationships)
* utilising business networks and advertising on governance websites for potential new board or committee members
* utilising local media to identify potential candidates who may be interested; contacting local people who has shown an interest in the organisations; and utilising events and functions (Expos, annual general meetings) to promote board and committee opportunities.

Survey responses showed low usage of board matching and registration services to secure new members; and an element of frustration and disappointment amongst prospective new board members who had registered on such services but not been approached for a position. However, where external board and committee matching services had been used, some positive outcomes had been achieved:

**Example**

A community organisation completed a skills audit of the board and identified the skills they needed for executive positions. They advertised for a board member with financial expertise and an interest in the organisation’s mission on [Australian Institute of Company Directors](http://aicd.companydirectors.com.au/) <http://aicd.companydirectors.com.au/>. They received twelve applications which were reviewed by a sub-committee with two selected for interview. The successful candidate had financial skills as well as a commitment to the organisation’s purpose. At another time, this same organisation also advertised through the Committee for Melbourne Network (a fee-based subscriber organisation) and successfully appointed new members with public relations or marketing experience.

Some boards and committees are also seen as reluctant to diversify their composition which can make it difficult for aspiring board members to secure a position with their organisation of choice. Other feedback indicated that past negative experiences and lack of knowledge about how to secure a governance position are barriers for aspiring board and committee members.

## Induction and training

Few organisations provide formal governance training programs for new and current board and committee members although the majority provide some form of induction activity. Most committee and board members indicated they brought strong skills to their boards and did not perceive the need for extensive governance training. For those who sought training, the preferred method was mentoring by another board or committee member. Successful strategies to support committee and board members included:

* providing induction information and training specific to the organisation that adequately prepares committee and board members to effectively carry out their role
* buddying new members with a more experienced board member to mentor and discuss difficult or complex decisions
* dedicating an annual budget for every board member to purchase the type of training or resourcing they require to support their participation
* developing an annual board or committee training plan and conducting an annual review of training needs
* chairperson contacting new members after the first few meetings to clarify any issues and identify supports required
* arranging for mentoring by a board member from another similar organisation, face to face or via phone contact
* encouraging/appointing inexperienced members so they can gain experience through graduated responsibility or limiting portfolio responsibilities in the first year of appointment
* paying for reasonable expenses e.g. taxis for people who are dependent on public transport to attend evening meetings.

Many NFPs struggle to identify skilled community members to match the attributes they are seeking for their board. Rural organisations, small organisations and those whose purpose is to support specific groups such as indigenous people, people with a disability and people of culturally and linguistically diverse backgrounds were highlighted as experiencing greater difficulty. There are several leadership courses, governance training programs, online forums, websites and resources targeting boards and members of NFPs, however their reach could be improved to those who would most benefit. Also, there is very limited uptake of the skills and resources potentially available through the corporate sector and further work in this area could bring the two sectors closer together for mutual benefit.

## Roles and responsibilities

Board members understanding their roles and responsibilities are essential to good governance and professionalism of the board. Strategies used to assist board and committee members carry out their roles included:

* documenting roles and responsibilities statements and requiring sign off by the board or committee member
* providing members with information on conflict of interest to help them understand how their board or committee position may be compromised by their other interests
* providing training on building trusting, ethical and effective relationships between board and committee members and between members of the organisation and executive staff
* holding a secret ballot at committee meetings to elect executive positions to prevent dominant personalities always obtaining influential positions
* engaging a coach for the Chair
* providing training on diversity and culture to expand board and committee member understanding of the benefits.

## Getting the work done

Board and committee members indicated the importance of having a range of mechanisms in place to assist them get through the volume of work required. Successful strategies included:

* using highly qualified but time-poor members as consultants
* individual members researching issues outside meetings and bringing findings to the meeting for report
* developing effective communication strategies between members of the board, e.g. using cloud accounts to share files and documents; scheduling meeting times that suit everyone; videoconferencing meetings (especially in rural areas) to reduce travel time, and require face-to-face meetings quarterly only; having dinner together 'in house' before the meeting
* using formal meeting procedures to manage the agenda if a meeting gets ‘off track’
* chairperson promptly following up members who are not attending meetings
* engaging local councillors to assist with local government bureaucracy
* utilising business, government and pro bono websites to advertise for required skills
* recognising and valuing the contribution of board and committee members was regarded as essential in maintaining commitment and enthusiasm. This included:
  + offering reimbursement of any out-of-pocket expenses incurred in the execution of board or committee responsibilities
  + personally recognising board and committee member contributions through small gestures of appreciation
  + publicly recognising board and committee member contributions to the membership and a wider audience by affirming gains that are made, e.g. newsletter, media articles, website profiles etc.

## Succession planning

Good succession planning ensures the viability of the board and committee and ensures the work of the organisation continues unimpeded. The ability to attract new and suitable board and committee members directly impacts on succession planning – nearly half of survey respondents identified succession planning as their greatest challenge. Successful strategies used by boards and committees to address succession included:

* identifying board members ready to step up as office bearers and developing an explicit succession plan around them (including training, mentoring or development in key areas)
* actively seeking diversity of board members to add strength to the organisation
* conducting an annual performance review of the board or committee to identify any performance issues and address these through the strategic plan (this requires strong leadership from the chairperson to address both individual and group performance)
* ensuring succession planning was on the agenda well before the annual general meeting and approaching potential candidates with plenty of time to spare
* providing conflict resolution training and using an external facilitator to help resolve issues between board members
* amending the constitution to limit the term of office to promote succession planning (this can assist in managing a difficult board member but results in good members having their terms restricted and having to face re-election)
* (in extreme circumstances) lobbying the membership to remove a full board and replacing it with a new more efficient unit
* recognising that the same governance structure may not fit the organisation over its lifespan and reviewing it when: the organisation reaches the next lifecycle stage; the legal or financial structure changes; the external environment changes (e.g. new government regulations); or the founder steps down.

# Case studies

The case studies illustrate how the Governance Capability Framework has been successfully applied to a diverse range of boards and committees in large and small organisations across different NFP sectors, including sport, legal, indigenous, culturally and linguistically diverse and leadership organisations and a neighbourhood house. The organisations all implemented components of the Governance Capability Framework and have agreed to share their experience to inform NFP sector learning. The organisations were selected for their diversity to demonstrate the Governance Capability Framework’s application to NFP organisations, large and small, providing services to a cross section of Victorians.

The Governance Capability Framework was shown to consistently provide a workable structure for boards and committees to understand their roles and responsibilities and provide a method of reviewing governance effectiveness and identifying priority areas for action. All case study organisations indicated that they would continue to use the Governance Capability Framework for further board and committee development.

## CELAS

### Background

CELAS was established in 1977 in Melbourne Australia as a community organisation to assist the Victorian Spanish speaking community. CELAS’ objective is to meet the needs of Spanish speakers in the fields of aged care, community education, employment, health and social assistance. CELAS’ strengths lies in ifs long tem understanding of the needs of the community it serves as well as its demonstrated ability to offer programs and services that fulfil those needs. CELAS’ mission is to help individuals through active participation, to develop their potential to live a prosperous life.

CELAS has six members on its board of directors all of whom have strong connections with the Spanish speaking community and specific skills in finance, business management and community engagement.

The board agreed to use the Governance Capability Framework during its annual planning day to identify priorities to be addressed for the coming year. Each board member individually completed the Board Review Tool with the results collated by the Secretary. Each area was scored to identify strengths and areas requiring improvement. The results were reported at the planning day and key areas prioritised.

### The Process

The process prioritised improving the organisation’s financial position and developing and implementing a fundraising strategy which targeted the Spanish speaking community, businesses and consulates including:

* Holding discussions with government departments to identify potential funding sources
* Conducting interviews on two Spanish radio programs to promote the organisation and seek financial support
* Exploring grants available in Victoria and nationally
* Using social media to increase CELAS’ presence and reach into the Spanish speaking community
* Examining other fundraising options.

### Outcomes

The board highlighted some of the key outcomes of the using the Framework:

* It provided all members with clear information about what is required of every member to successfully lead an organisation. There had been a tendency to over rely on individual board members for some key functions however, members now understand it is their individual responsibility to understand and keep informed of all Board functions and obligations
* The process confirmed what the board already suspected were its key priorities. The process helped to formalise the issues for all members and guide them in developing appropriate strategies with the primary focus on improving CELAS’ financial position
* There is renewed impetus for the whole board to work together as a team to resolve its current issues.

### For the Future

CELAS considers the board is better placed to lead the organisation both in the short and long term to continue serving the Spanish speaking community.

## Dandenong Neighbourhood House

### Background

Dandenong Neighbourhood House (DNH) provides members of the community with lifelong learning and skills, personal empowerment and growth targeted to meet the needs of the changing and diverse local community. DNH is committed to strengthen the foundation of its diverse and colourful community by promoting understanding, equity of access and inclusive community practices, social justice, equal opportunity and flexible delivery.

DNH aims to:

* Identify areas of need in the community and work to meet these needs by developing and maintaining a broad range of flexible programs that provide education, training and recreation]
* help address social inequalities and increase life opportunities for people who are disadvantaged by encouraging the development of self-help activities in an environment that is supportive and safe.

### The Process

DNH is governed by a board of nine members, five of whom are long term and four newly appointed. The executive officer facilitated a session using the Governance Capability Framework Facilitator’s Guide to facilitate the board’s review process. The board members then completed the Board Review Tool to determine their individual strengths and limitations, and those of the entire. Initially some of the longer-term board members felt overwhelmed by the process but engaged actively to set DNH’s future direction.

Priority areas for action related mostly to the Planning and Organising criterion:

* Establishing the vision: the need to revise the vision for future direction
* Designs the strategy: updating the strategic plan which was out of date
* Plans for sustainability of the board: the need to develop a recruitment strategy that identified from where and how new board members would be recruited
* Is informed: ensuring all board members are adequately informed and have a working knowledge of the DNH operating environment.

Another priority area **Being effective** and **accountable:** clarifying roles and responsibilities of board members was also identified for action. The board’s next step was to develop an action plan to systematically address the priority areas and establish timelines for implementation.

### Outcomes

The board’s cited the facilitated session and completing the board assessment tool as very positive as it:

* Provided a clear and concise structure that enabled the board to review all the essential elements of good governance
* Helped all members to understand the extent of individual work and commitment required to effectively govern
* Highlighted how the legislative and regulatory environment of neighbourhood houses had altered significantly over the years and the board’s need to stay informed
* Highlighted the skills needed on the board which would assist in the recruitment of new members
* Assisted individual members to make personal decisions as to whether they would stand for re-election
* Demonstrated the importance of some members obtaining additional information about the organisation and its services
* Provided the impetus to develop life memberships to honour people who had dedicated many years of volunteering and commitment to the organisation.

### For the Future

DNH will continue using the Board Review Tool on a regular basis to review its performance and keep it “on track” to ensure good governance.

## Leadership Victoria

### Background

Leadership Victoria (LV) exists to provide knowledge, to create networks and to enable people to create positive change within a global community. LV is renowned for its Williamson Community Leadership Program (WCLP) a unique year of leadership-focused activities that are designed to develop and connect leaders across sectors and generations. It also provides a series of shorter leadership and governance programs designed to foster and develop generational leadership targeting individuals who serve on boards, committees and in other leadership positions in the community. Effective leaders mobilise and empower others to want to get extraordinary things done in their organisations and in the community. True leadership is about the practices future leaders use to transform value into actions, visions into realities, obstacles into innovations, separateness into solidarity and risk into reward.

LV is governed by a board of up to nine members, three of which are elected annually for three-year terms. Nominations to fill board vacancies have historically been sourced from the personal and business networks of the incumbent members. While this is an effective mechanism for identifying potentially appropriate people it is not a targeted approach and can result in drawing from a pool of people with similar attributes to the current board members. LV recognised that the board could be further strengthened and energised by attracting people with diverse backgrounds who had specific skills needed by the board.

### The Process

The board based their approach on elements of the Governance Capability Framework Board Review Tool to consider the capabilities of the board members and identify skills and competencies required of new members. The board developed a position description addressing the identified skills and competencies and for the first time advertised externally for board members through its alumni, an executive recruitment firm and on the Australian Institute of Company Directors' database.

### Outcomes

The Chief Executive Officer and Chair reviewed the Governance Capabilty Framework's applicability and found it a very useful basis in helping to identify and target individuals whose skills would further enhance the board’s leadership role. LV is committed to practicing its mission and ensuring it embodies the leadership skills it actively promotes. Broadening the recruitment pool and taking a formal and professional approach to assessing and identifying the skills required is recognised as good practice in developing an innovative and highly adaptive board that can successfully lead the organisation.

### For the Future

LV interacts with and supports hundreds of NFP organisations every year. LV's experience of the NFP sector suggests that:

* The role of Board member as "ambassador" could often be further developed
* NFP Boards sometimes lack direct "market signals" from stakeholders (as "moral owners") and this can limit organisational effectiveness, particularly as for some NFP's, stakeholders have limited options to choose other service providers
* Focusing on the needs of funders helps ensure financial sustainability but can divert the NFP from upholding the interests of its broader stakeholders ("contractualism")
* NFP's can be influenced by "institutionalism", whereby the entity's mission is compromised by too much focus on the entity as institution or too much focus on or the interests of a small group of stakeholders. This can lead to mission duplication and inefficiency to the detriment of the broader stakeholder group.

LV considers these areas could be further addressed in the Governance Capability Framework to further guide and resource NFP boards.

## Squash Victoria

### Background

Squash Vic, in association with its member clubs and affiliated venue owners, is the body responsible for the governance, management and administration of the sports of squash and racquetball throughout Victoria. Squash Vic is also one of the eight member affiliates to Squash Australia, the recognised national body. Squash Vic’s broad purpose is to successfully administer, promote and initiate opportunities for all Victorians to enjoy the sports of squash and racquetball, ensuring a dynamic and viable industry.

### The Process

Squash Vic had been introduced to the Governance Capability Framework via Sport and Recreation Victoria. In preparation for its Annual General Meeting at which the new board was to be elected, the Governance Capability Framework was used to review:

* The Constitution’s rules on the board composition and election process
* Roles and responsibilities of board members
* Induction program for new board members.

The outcomes of the facilitated process saw significant governance changes being implemented:

* The Constitution was amended to increase the size of the board from seven to nine members, mandating equal representation (three members each) from clubs, venues (including commercial operators) and independent stakeholders
* The Constitution was amended to encourage equitable gender and rural/regional representation on the board
* Members standing for election were given the Governance Capability Framework capabilities and asked to respond as to which capabilities they would bring to the board, their vision for the sport and how they would engage with members.

### Outcomes

This process produced significant changes for the board:

* A complete new board was elected with only two of the previous board members remaining
* A new induction process was developed for new board members that covered the role and responsibilities of board members, board charter and strategic direction

Squash Vic describes the governance review as being a positive experience that has enabled the board to develop a bigger vision for the sport, obtain statewide representation of its members, deliver greater accountability to the membership and build a good organisational culture.

Using an independent facilitator was also described as beneficial in:

* Providing an independent view rather than being the initiative of any single individual

Providing access to a range of other governance resources obtained from similar sports organisations

* Obtaining expert advice. This was important for a small organisation with limited resources that are needed to provide member services.

### For the Future

Squash Vic intends to continue using the Governance Capability Framework to:

* Engage with its diverse membership
* Review the board’s performance on a regular basis
* Identify new skills required by the board in preparation for the 2014 election.

Squash Vic can also envisage application of the Governance Capability Framework with the national body Squash Australia to address similar issues experienced by the state organisation.

## Tarwirri

### Background

Tarwirri is the Indigenous Law Students and Lawyers Association of Victoria providing assistance to Aboriginal and Torres Strait Islander law students, law graduates, solicitors, barristers and judicial officers throughout Victoria. Tarwirri has four Mission statements:

* Legal Professionals: support the achievement of members’ individual aspirations and career development by representing and promoting Aboriginal and Torres Strait Islander legal professionals
* Law Students: to engage with and encourage Aboriginal and Torres Strait Islander law students during their studies and support their transition into the legal profession
* Legal Sector: be the representative body on behalf of our membership in the Victorian legal landscape
* Victorian Aboriginal and Torres Strait Islander Communities: recognise our place within the Victorian Aboriginal and Torres Strait Islander communities; by contributing to the awareness of legal and policy issues affecting Aboriginal and Torres Strait Islander communities.

### The Process

The board held an initial meeting and used the Governance Capability Framework’s Board Review Tool to review its overall performance in the capability area of ‘Planning and Organising’, ‘Monitoring and Reviewing’ and ‘Being effective and accountable’. Each board member individually rated how they considered the board performed for the criteria of:

* Establishes the vision
* Designs the strategy
* Is informed
* Plans for sustainability of the board
* Focuses on key issues.

### Outcomes

The process indicated that overall the board was functioning well with some work required in the areas of ‘clarifying roles and responsibilities’ and ‘developing plans for the sustainability of the board’. The board is now documenting their understanding of the roles and responsibilities of office bearers and general members. The executive officer is also collating all the responses to each area and suggestions for improvement and will summarise potential strategies to the board for discussion and confirmation. The strategies will later form actions for the board to implement.

The board found the Governance Capability Framework useful in providing a structure from which it could identify areas of concern and commence planning strategies to address these.

### For the Future

One board member attended a three-day governance training conducted by Aboriginal Affairs Victoria (AAV) at the same time as the board was implementing the Governance Capability Framework. The Governance Capability Framework was not referenced during the AAV training, however it was commented that the structure and content of the Governance Capability Framework would provide a good and complementary reference to this training program.

## Women’s Legal Service Victoria

### Background

The Women’s Legal Service Victoria (WLSV) is a not for profit, statewide organisation providing free and confidential legal information, advice, referrals and representation to women in Victoria. WLSV specialises in issues arising from relationship breakdown and violence against women. In addition to delivering services to women, WLSV develops and implements preventative family violence programs and influences the development of legal policy and law reform. Education, training and professional development on the law and related areas are also provided.

WLSV is governed by a volunteer board of nine women who meet bimonthly, the board comprised many long standing members, the majority of whom had a legal background.

### The Process

An external consultant was appointed to assist the board with its succession planning. A special purpose board meeting was convened and the Governance Capability Framework was used to:

* Audit the board’s function—this was initially done by members outside the board meeting who then agreed on priority areas to be addressed during the meeting
* Help meet compliance requirements
* Improve board processes, in particular board decision making.

The application of the Governance Capability Framework indicated a diversity of skills was required on the board, specifically marketing, auditing and risk management. Targeted recruitment was undertaken by reviewing the skills of people who had expressed an interest in serving on the board to identify the best fit for the organisation.

### Outcomes

The board identified some clear outcomes as a result of implementing the Framework:

* The externally facilitated session was beneficial in getting all the members to focus at the same level – “crystalised the thinking”
* Enabled the board to identify and agree on priorities
* Revised Board Governance structure with new subcommittees established to address identified priority areas
* An action plan was developed around key areas of the Framework including: Ensures Compliance; Fosters Stakeholder Engagement; Engages Community Members; and Works to a Sound Policy Framework
* Board processes were addressed such as having a more structured agenda
* The importance of succession planning was confirmed.
* The board has a wider skill set including: law, finance, human resources, marketing and fundraising, business development and strategy, and community engagement.

### For the Future

The board holds the Framework in high regard, stating it is a concise, easy to apply authoritative document on good governance, well researched and with the imprimatur of a government department. The board intends to use the Framework in the future to structure ongoing work of the board.

# Document Version

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| **Version** | **Date** | **Content changes** | **Affected sections** |
| 1.0 | July 2027 | Original content | Not applicable |
| 2.0 | August 2024 | Updated template, department names and weblinks | Throughout document |

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