

Where business comes to  
life

# Cathedrals, Charities and Governance: What Best Practice?

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# Charities, Governance and Leadership

- **Crisis of competence**
- **Fragmentation of resources / interests**
- **Board competence low, less so large charities**
- **Trustee experience / skills low**
- **Trustees recruitment questionable**
- **Board diversity poor**
- **Least capable from Kakabadse Global Studies**

Morais, F., Kakabadse, A., Myers, A. and Brown, G. (2020), *Charity Governance: A Crisis of Competence, Research Report on UK Charity Sector Governance*, Henley Business School, September

Challenges facing the charity boards (% placing in top-five)	Total
Highly fragmented sector competing for scarce resources	67%
Demonstrating social impact	57%
Lack of digital skills and related strategies	50%
Exploring opportunities for partnering, cooperating and merging with other charities	50%
Attracting and holding on to volunteers	47%
Reputation (scandals, corruption, abuse, etc.)	45%
Increased regulation due to sector's failings	40%
GDPR and data compliance issues	39%
Lack of professionalism	26%
Potential loss of funding opportunities	26%
Reduced lottery money	20%
Aggressive fundraising approach	14%

***Quality of interaction  
amongst members of Board  
and management team can  
enhance or damage the  
organisation***

# Strategic Alignment

- 34 % Boards/Top Teams have fundamental divisions on purpose, vision, strategy, future

# Strategic Engagement

- 67% of Directors (Board and Management) do not raise critical, sensitive issues damaging the organisation

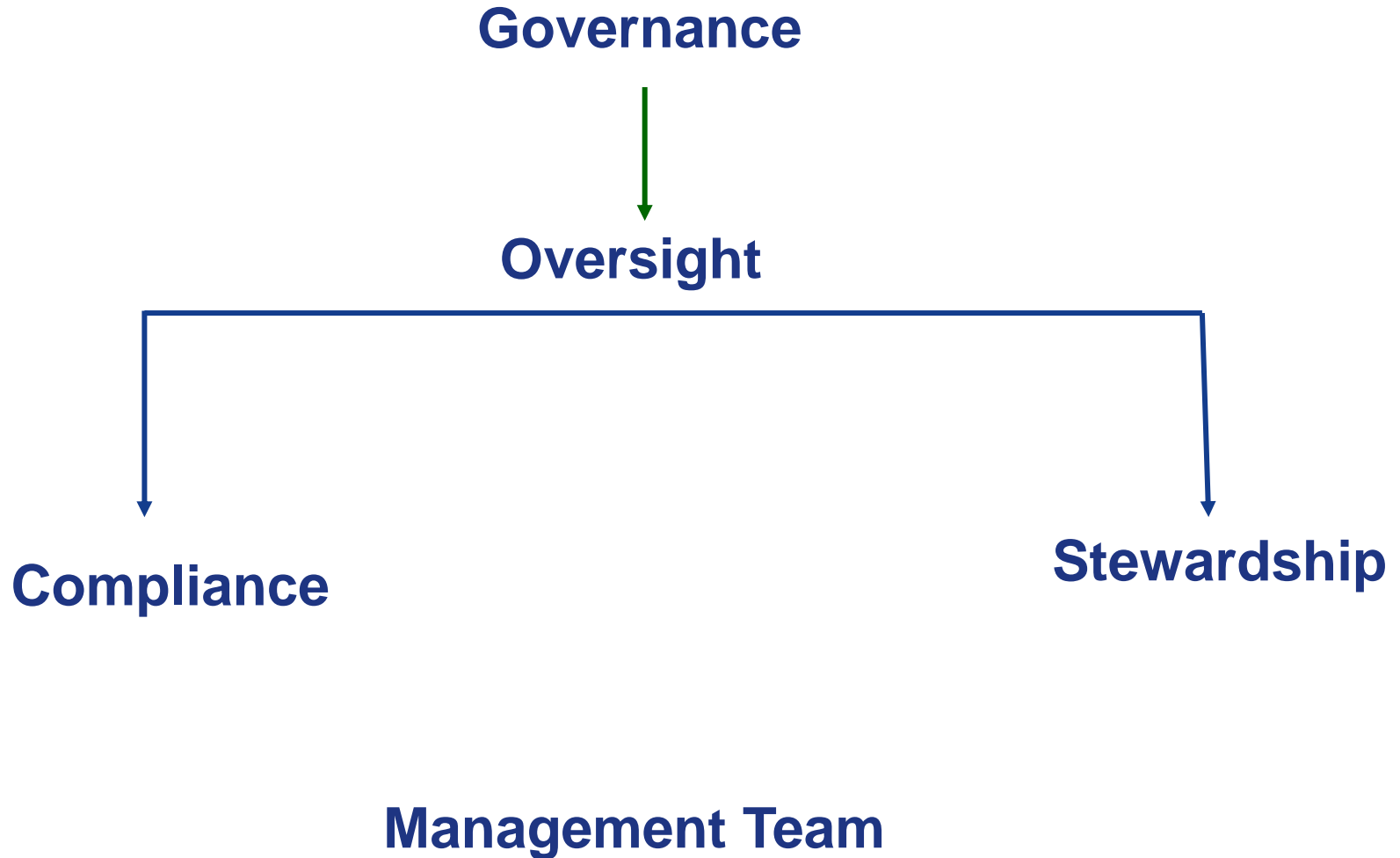
# Boards

- Stakeholder / Shareholder interests
- Oversee / intervene management
- Governance of the organisation
- Appoint / remove top executives
- Board members have no organisational resources
- Although part-time board directors as legally accountable as management
- Big picture / details

# Management

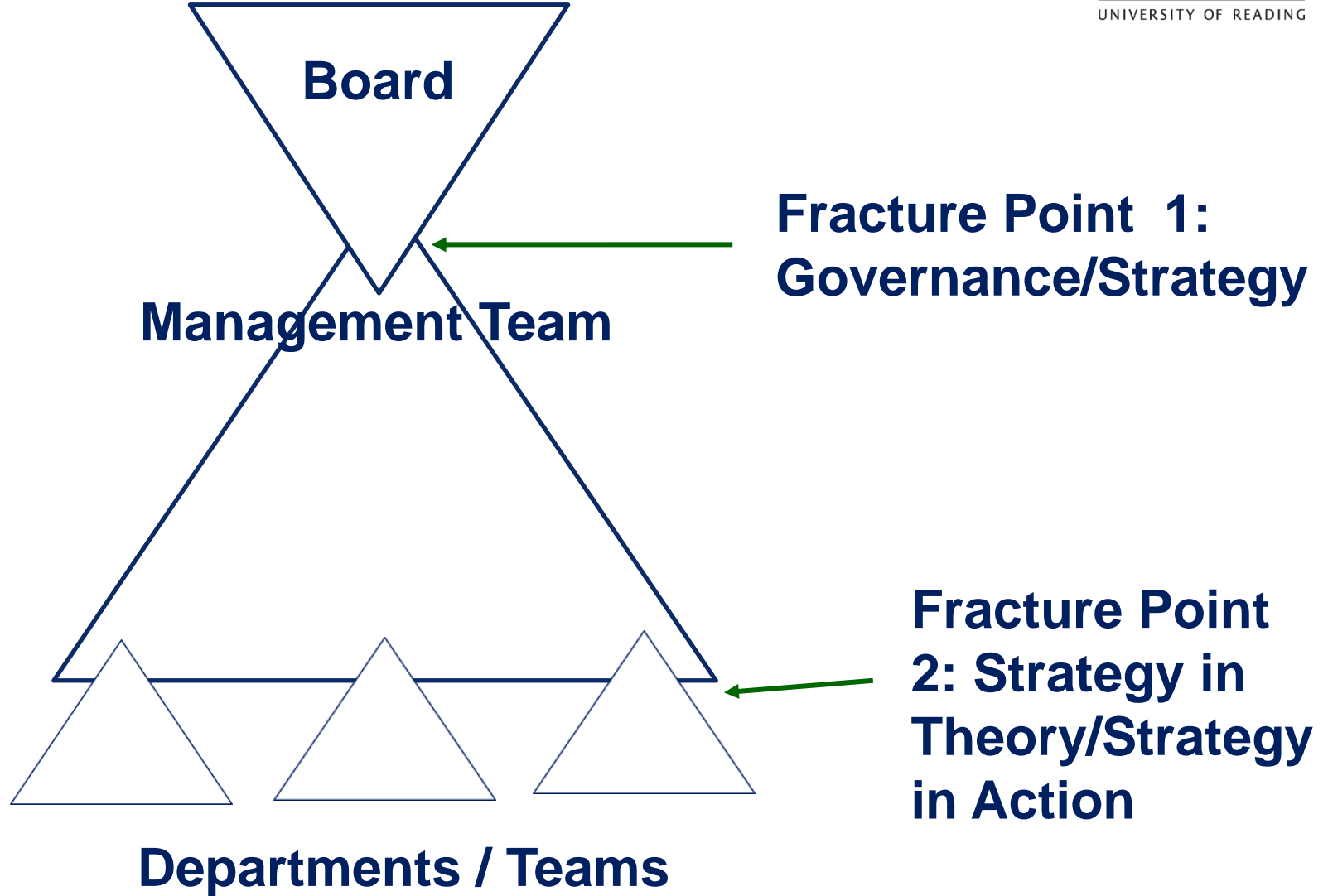
- Top Team
  - C-Suite
  - Executive
- Strategy delivery
- Command resources, people, facilities, services
- Accountable for results
- Determine direction of resources, but Board approves
- Who owns strategy?

# Why Boards?



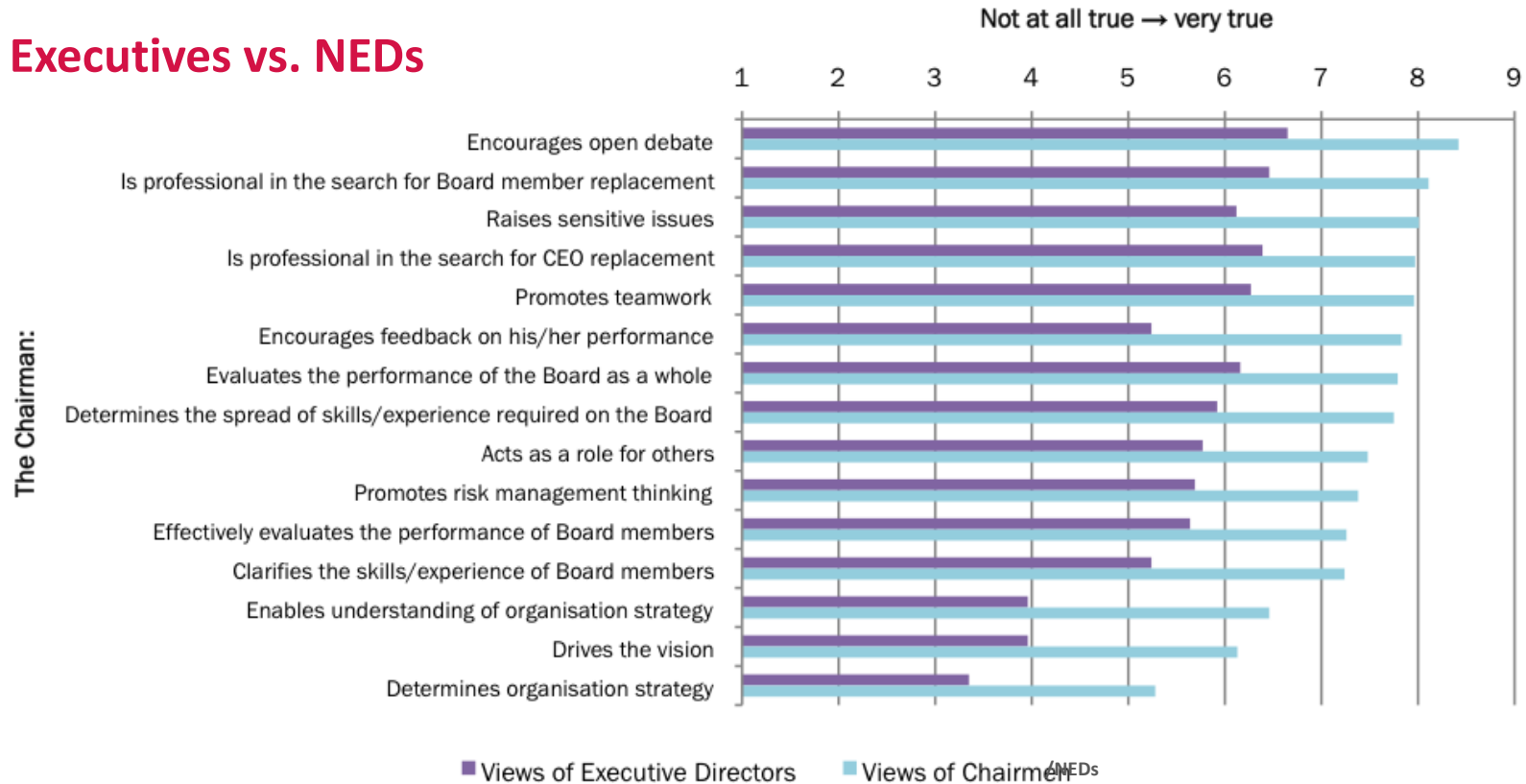


# Fracture Points



# Board Dynamics (UK)

## Executives vs. NEDs



**LOW TRUST – Executive Board Directors of Chairman/NEDs**

# Board Dynamics (USA)

## Average Companies (Majority)

- High inhibition
- Defensiveness
- Limited use of NED/external director capabilities
- Appointed from network
- Discouraged from talking to
  - Staff/Management
- External Director portfolio extensive
- Strategy/board dynamics driven by CEO / President / Chairman
- Dismissive of CSR
- NOT DEVELOPMENT MINDED
- Legal culpability

# Board Dynamics (USA)

## Well Led Companies (Minority)

- Still 76%, President / CEO / Chair
  - CEO to Company
  - Chair to Board
- Mindset adaptability
- Less inhibition
- Link skills of External/Independent Director to strategy
- Robust boards sack President/CEO
- Legal culpability
- Responsive to CSR
- Robust dialogue
- More development minded

# Top Team

- Team is crucial
- Key forum for a dialogue
- Quality of dialogue driven by issues
- Structure
- Membership
- Personalities
- Data
- Who are the top team?

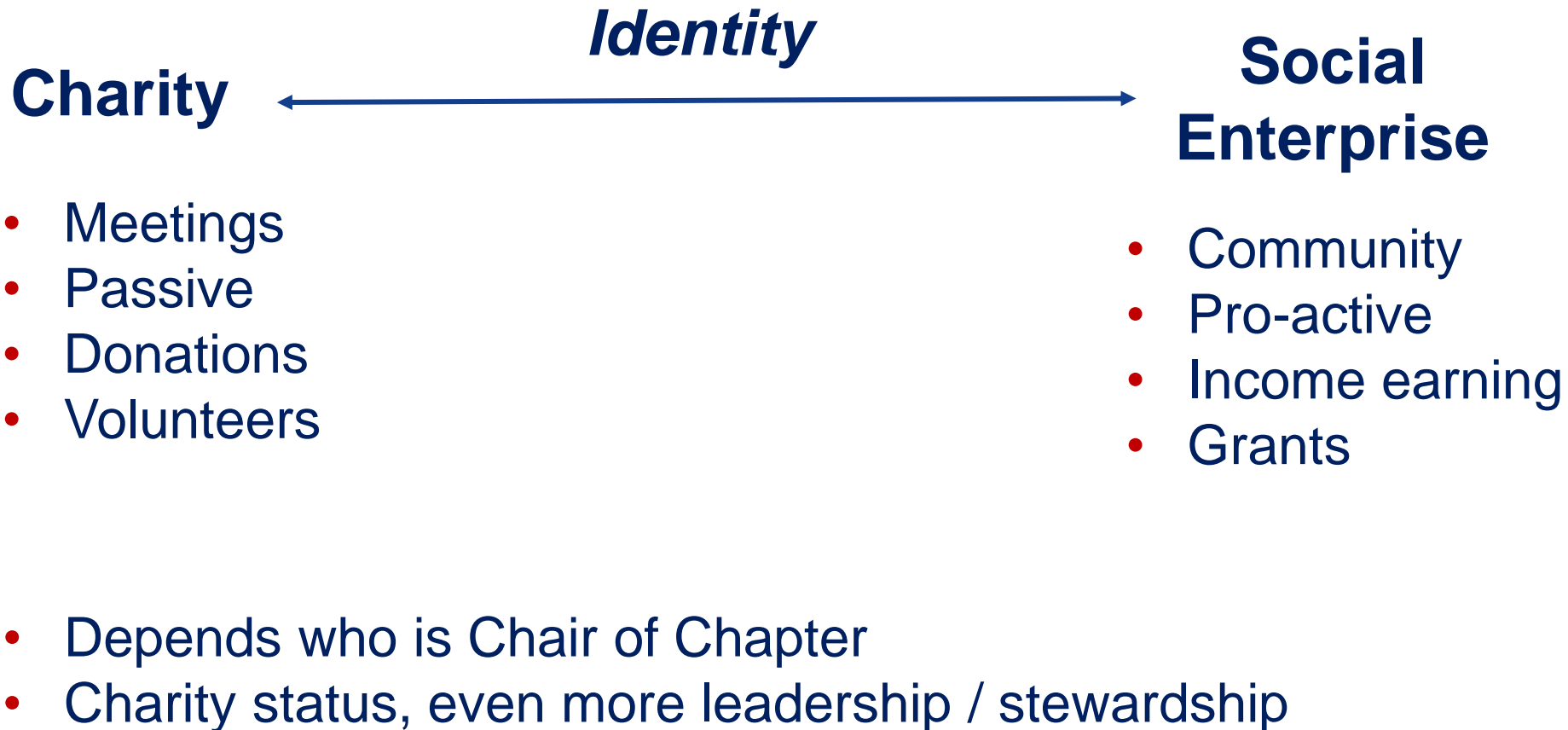
# Questions

- Where might there be a risk of ‘fracture points’ within your cathedral?
- How would you describe the relationship between your Chapter and Senior Management Group? What role does the Dean (Chair) play in this?

# Cathedral

- Charity status, legal/tax identity only
- Leadership / stewardship critical
- Differentiate Executive / Board role (two hats)
- Cathedrals, Fracture Point 2
- Maturity of Cathedral Board
- Agility
  - Address fracture point reality

# Cathedral





# Why is the Chair so important?

- Bad Chair– bad Board
- Good Chair – good Board
- Effect on
  - Shareholder/market trust
  - Stakeholder trust
  - Reputation
  - Philosophy of Cathedral
  - Role model
  - Mentor of leaders
  - Strategic understanding/alignment
- Board contribution to enterprise
  - Defines purpose/contribution
- Governance requirements

# World Class: 6 Disciplines

1. Delineating boundaries
  - Chair / CEO / COO / Trustees
  - Chapter / SMG
2. Sense Making
  - Strategic reality
  - Chapter / SMG alignment
3. Interrogating Argument - Culture
4. Influencing Outcomes – Politics of Alignment
5. Living the Values
  - Integrity
  - Trust
  - Ethics
  - Action not words
6. Developing the SMG / Chapter

# Questions