

# Jo Owen

Amid the joys and perils of working for free, how can you be effective as a charity trustee? It's all about making sure you have the right conversations



**F**rom my experience as the founder of eight NGOs, charity trustees range from the harmless to the dangerous. Between these extremes it is possible, just, to be effective.

The harmless ones do nothing, but find that being on the board of a charity gives them something to talk about at dinner parties. This means that they are not just harmless: they are often useless with harmful consequences, as the collapse of Kids Company shows.

The dangerous trustees actually want to do something. They might be driven by the mission, or they may really want to run the charity themselves. This is a good way to irritate the executive team. Trustees like to think that they add value with their experience and expertise; executives sometimes think trustees destroy value by getting in the way.

Being effective as a trustee is hard. Ever increasing amounts of regulation means that many trustees are little more than unpaid civil servants ensuring charity compliance with the tidal wave of legislation coming out of Whitehall and Westminster. But trustees can exert real leadership

by following the classic leadership agenda of IPM squared: Idea, People, Money and Machine.

IPM squared is about making sure you have the right conversations at the board. I have seen one charity illustrating how not to do it:

**Strategy** We cannot discuss strategy because it might be destabilising. Many boards take the easy way out and avoid difficult but essential conversations.

**Three year financial forecast** The executive proposed burning cash with large but unknown investments. An entire session is spent debating how much variability there is in one of four variables used to calculate the reserves - a classic case of debating what is safe, not useful.

**Board effectiveness review** Self-congratulation on achieving chromosome diversity among a group of white middle-aged middle-class Brits responsible for a global operation.

Here is what IPM squared conversations should look like:

**Idea** Be clear about the strategic direction of the charity. Ask the basic questions: are we really having an impact? Can we measure it? Is the strategy scalable and sustainable? If all

you do is ask these questions relentlessly, you will make a difference.

**People** Have we got the right people, and in particular the right CEO? You should not be able to get a slip of paper between the CEO and chair. They need high trust so that they can have difficult conversations in private. But you have to be ready to dump the CEO as well. This is risky and hard work: risk and hard work are not good words for unpaid directors. The result is that many weak CEOs stay in post far too long.

**Money** You can't change the world if you go bust. Trustees have to focus not just on cash flows, but also on financial strategy. Is the business model scalable and sustainable, mirroring the strategy discussion? Too many charities bumble along sub scale: that is safe but useless. But growing a charity simply increases the fundraising burden. You need to find a way of earning your way to success.

**Machine** This is where many boards spend most of their time, because it is safe and necessary. This is all about compliance with regulation. It is also about ensuring you have the right financial controls and that the controls are actually used. Audit and internal audit are your best friends because charities attract fraud like moths to a lamp.

The money and machine topics generate vast amounts of paperwork, which you have to wade through. This paperwork will not ensure success, but it may avoid disaster. It is vital but often dull. In contrast, the conversations that drive success (but may not avoid disaster) are the ones about people and ideas. These will often not generate much in the way of either paperwork or discussion, but they are the discussions that will drive the charity forward.

And of course, if you can help the charity by raising money, offering access to decision-makers and providing some hands on technical skills such as legal or accounting, then there is a risk that even the executive team will start to think that you are an effective trustee. ●

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