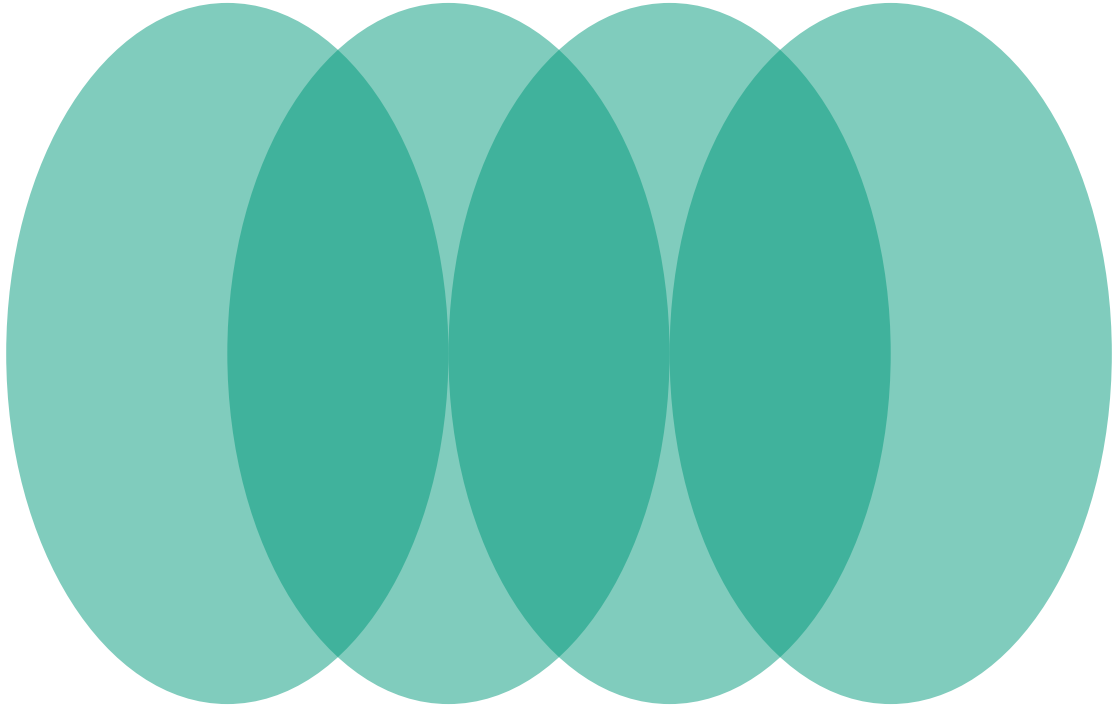




# Four facets of governance





*Directors are charged to think critically and independently; and to ask discerning questions of proposals to them using their ‘intelligent naivety’ of the daily operations.*

PROF. BOB GARRATT

## What’s it all about?

Governance is all those activities concerned with the overall direction, effectiveness, supervision and accountability of an organisation. It is a complex area that includes legal, social, political, financial and psychological issues; everything from group dynamics to company law. Governance in the creative and cultural sectors is generally thought of in terms of a board of trustees of a charitable organisation. But this tool could be used in relation to any form of business where a group of people come together with accountability for the future of the business. In 2009 the Charity Finance Yearbook included an article by Paul Breckell (Director of Finance, Royal National Institute for Deaf People). In it he put forward the Four Facets of Governance Model as a tool for reflecting on different governance behaviours.

## What’s it for?

The Four Facets of Governance Model considers the nature and extent of engagement by a governing body. It is not meant to be a static or prescriptive model. It is possible for a governing body to occupy more than one quadrant at a time. Its focus as a body might also shift in relation to a changing external context or the lifecycle of the business. The model helps you think about how your governing body is operating in relation to its business strategy, staff, funders, customers/users/audiences and other stakeholders. It also considers the time and energy that the governing body commits to undertaking its role.

## Using the tool

The tool is based on four types of governing body behaviour, which are determined by the extent (time and energy) and nature (level of strategic focus) of engagement.

## NATURE OF ENGAGEMENT

EXTENT OF ENGAGEMENT		Operational	Strategic
	Low	Stewardship	Policy
	High	Stakeholder	Partnership

Figure 1 The Four Facets of Governance Model<sup>1</sup>

To identify where you might position your governing body, consider the following questions and circle the response your governing body is most likely to make:

**1. The governing body has to decide on whether to approve a new programme of work. How will it respond?**

- a. It will be cautious and considered, wanting to explore the risks from all angles
- b. It will consider how it fits with your vision and mission
- c. It will ask how your users/customers have been involved in shaping the programme
- d. It will want to add new ideas and offer its collective skills to get the programme under way

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<sup>1</sup> This framework was developed by Susan Royce and Dawn Langley as part of a Governance Training Programme, 2010

**2. You have an important review meeting coming up with a key funder. What will your governing body expect?**

- a.** To have notice of the meeting, an outline of your approach, information on any issues that might arise and background on any possible problems going into the meeting
- b.** To be reassured that you have the matter in hand and that there is a good strategic fit between what your business has been delivering and their goals as a funder
- c.** To be confident that you will stress your commitment to collaborative working and strong connections to your members
- d.** To be invited along or at least to contribute to any form of feedback that might be required

**3. Your business is celebrating its 21st Birthday in 12 months time. What involvement is your governing body likely to have?**

- a.** It will want to see a clear plan of action with milestones, areas of responsibility, risks and benefits
- b.** It will want to understand how it sits within the strategic direction of the business and that you are clear on how it will be delivered
- c.** It will want reassurance that everyone connected with the business will be involved
- d.** It will offer suggestions, time and skills to help make it happen

**4. The business has recently received some complaints about the quality of an event it has run. How will the governing body respond?**

- a.** It will want to revisit the complaints procedure and know what point the matter has reached in terms of your process
- b.** It will want to know that you have it in hand and are dealing with it. It will only want to hear of it again if some exception occurs

- c. It will want to know how the people concerned have been dealt with and the impact it might have on relationships with your customers/users
- d. It will offer to meet the people concerned or spend more time with you to go through all the issues to see what they can do to help

**5. In preparing for your quarterly meeting, what will your governing body expect?**

- a. That you will prepare timely and accurate information that is circulated well before the meeting
- b. That you will prepare information at an appropriate level for their decision making
- c. That you will consult everyone concerned about the content and nature of the meeting. They may expect a wide constituency group to attend the meeting
- d. That you will contact them in advance to talk through forthcoming issues and may have an active role in preparing agendas, reports or presentations

**6. You are about to recruit for a new senior staff member. What will your governing body want to know?**

- a. That you are following your human resources (HR) procedures, that the job description and person specification are up to date and that a clear process is in place
- b. That the process is in hand and you will keep everyone updated
- c. Who will be involved in the process
- d. How they will be involved in the process

**7. You are proposing a major shift in the direction of the business. What will your governing body want?**

- a. A full business case with clear costs, benefits and risks thoroughly analysed

- b. To know the impact on the current strategy and an overview of the future direction
- c. A full consultation process with everyone who is likely to be affected
- d. An active role in the process with regular meetings and updates

**8. The business has just been informed of a potential 8% cut in grant funding. What will your governing body want?**

- a. To know if any contract/agreement exists and if the funder can formally do what it is proposing
- b. An overview of the implications at a strategic level if the cut goes ahead and to know how you are proposing to respond
- c. To organise a process of lobbying and engaging users/customers, volunteers and other stakeholders in influencing the decision
- d. To meet you and probably the funder to go through the issues and the potential implications

**Now total up your answers.**

If you scored:

**Mostly a)** The governing body has a stewardship preference

**Mostly b)** The governing body has a policy preference

**Mostly c)** The governing body has a stakeholder preference

**Mostly d)** The governing body has a partnership preference

The questions have been deliberately exaggerated to bring out the key elements of each facet, but hopefully they will help you to identify the kinds of behaviours you might observe and how your governing body has positioned itself.

In summary, the four facets have the following characteristics:

### **Stewardship**

A governing body operating in this area sees a need to co-ordinate work, resources and finances. There will be a focus on compliance, which may create a formal command and control approach. This sort of governing body will have strong processes and systems but may be risk averse

### **Policy**

Governing bodies with this outlook will have a strong focus on the demarcation of roles between the directors and the executive. The governing body's policies will be high level and strategic. The main proponent of this model is John Carver who has produced a range of resources to support governing bodies to focus on policy matters

### **Stakeholder**

The emphasis in this quadrant is on involvement, on bringing members, stakeholders and beneficiaries into the governance process. At its best this form of governance is democratic, open, accountable and responsive. At its worst it can be unwieldy, slow to make decisions and unable to act

### **Partnership**

This approach minimises the delineation between governing body members and the executive. The emphasis is on group working and ensuring added value from the governing body. This can build strong relationships and maximise skills and experience but it can also be a demanding way of working for everyone involved

## **What next?**

Think about a recent experience you have of working with a governing body, either as a participant or an observer. Which quadrant/s do you think the group was operating in? Did that seem appropriate for the topics they were discussing or the context the business was operating in? What other choices might they have made if they were working from a different sector?

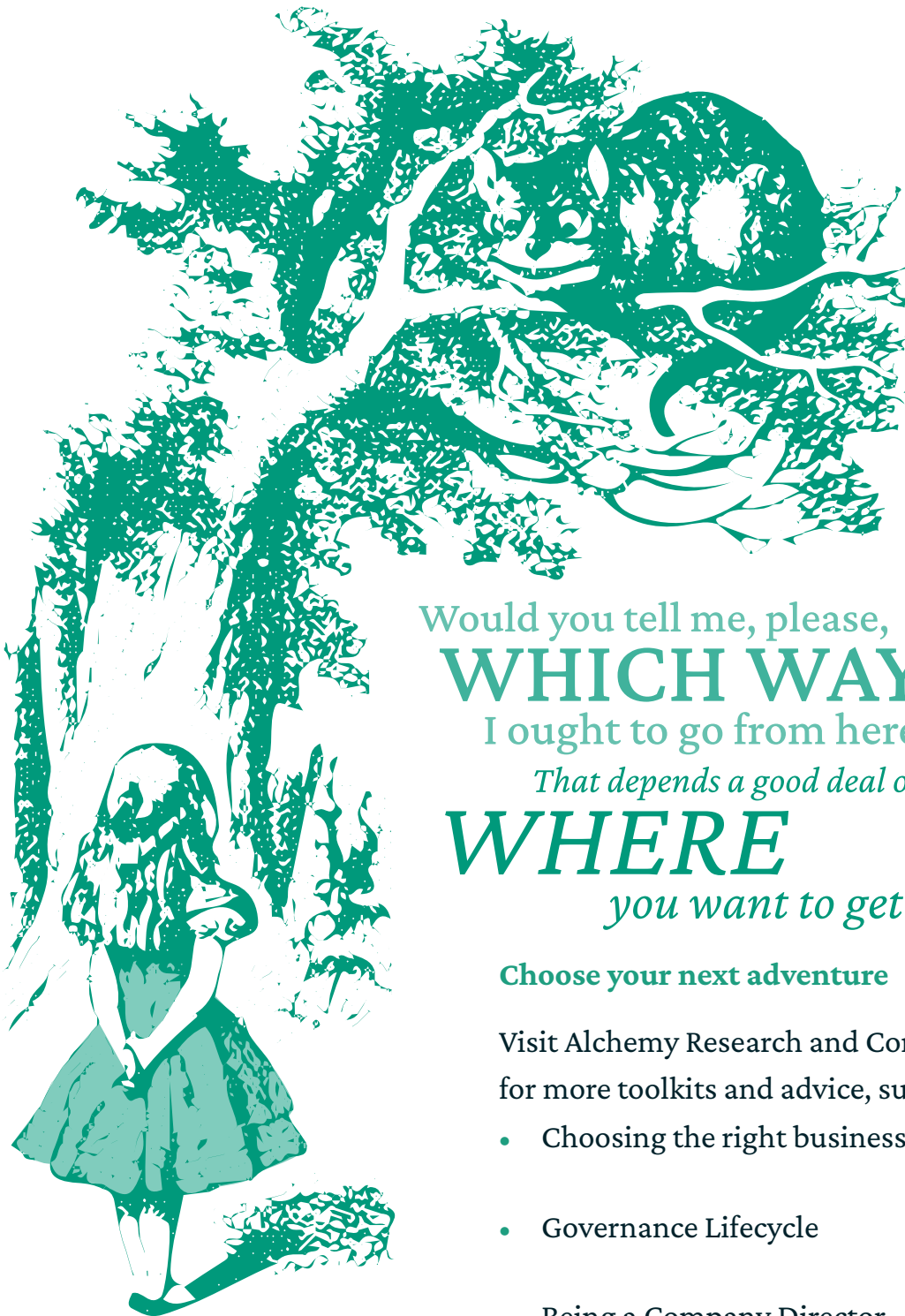
# Quick tips

- Consider the lifecycle of the business and which facet/s of governance might be most appropriate when
- Talk to others or observe other governing bodies to understand the differences in behaviour between the four quadrants
- Talk openly with the governing body about the strengths and weaknesses of their engagement with the business
- If there are conflicting positions within a governing body, consider whether those involved are speaking from different positions of engagement
- When determining the future direction of the business consider whether any forthcoming changes might require a different form of governing body engagement





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