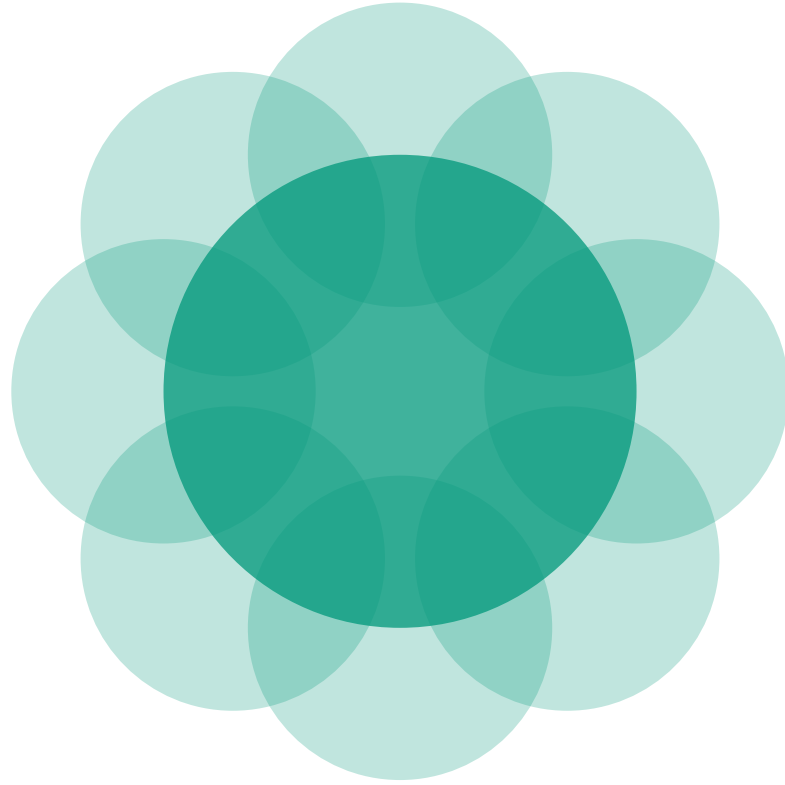




Governance Maturity Cycle





Understanding the inherent behaviours that occur during various developmental stages is key to defining a board's roles, responsibilities and structures to best match the organization's needs ...

MICHAEL BURNS

What's it all about?

Consider the following statements:

- The governing body must operate within clearly established policies and guidelines
- The governing body has an optimal size of between 9 and 12 members
- The governing body must be objective and distanced from the day-to-day workings of the business
- The governing body should use sub-committees to undertake detailed activity, specific projects and/or monitoring
- Members of the governing body should have clear terms of office

On the surface, these might all appear to be perfectly reasonable statements of good practice. However, what they don't take account of is the context of the business at a given time. It could be said that businesses, like other organisms, go through lifecycles; they require a different approach to governance depending on the stage your business has reached. In his paper, *Act Your Age*, Mike Burns (2010) proposes a lifecycle of four stages:

1. Infancy (start-up or start-over)
2. Juvenile (growth)
3. Adolescence (growth and decline spurts)

4. Maturity (established)

During each of these stages, the governing body is likely to exhibit different behaviours and approaches.

Infancy	Juvenile	Adolescence	Maturity
<ul style="list-style-type: none"> • Often comprising the organisation’s founders • Usually small • Active involvement in daily needs • Passionate and committed • Little planning because needs are obvious • Some policies • Grassroots fundraising • Evaluation, if there is any, focuses on the present or short term 	<ul style="list-style-type: none"> • More staff so less direct activity • Still a focus on operations • Recognise a need for more oversight and systems but may be reluctant to implement • Task oriented • Building of trust • May use small working groups • Growing pains 	<ul style="list-style-type: none"> • Staff provide support and service • Roles become confused but there is a move to formalisation • Some testing out of roles and boundaries • Staff are the driving force • May grow in size • Ebb and flow of growth and decline 	<ul style="list-style-type: none"> • Roles are clearly established • Levels of accountability are agreed • Usually larger often with outside observers • May become more prestigious with a focus on ‘development’ • Established policies and patterns of operating • Delegation of authority to sub-groups

There is no guarantee that the governing body will move seamlessly from stage to stage as the business evolves. In fact it is possible that it will lag behind the developing organisation. It is also possible that some governing bodies may never reach the maturity phase or it could revert to previous behaviours. This is most likely if there are still members of the founding group involved.

This lifecycle approach has several implications (Mathiasen, 1990):

- Governing bodies do and must change
- There can be a lack of clarity around the roles of the governing body
- The governing body must feel engaged and usefully involved in the organisation at all stages
- The orderly rotation

What's it for?

The purpose of this tool is to allow you to consider the lifecycle of your organisation and what that means in relation to your governing body. It will hopefully help you to clarify respective roles and expectations as well as consider any change management issues as the business matures.

Using the tool

1. Review: list your business' tangible and intangible assets. Does it own a building, equipment, stock or have a collection or intellectual property right to exploit?
2. Assess your external environment: what impact is it having on your businesses growth?
3. Identify internal needs and activities: undertake an activity list with your governing body. List your activities and the time spent on each. Rank them according to the time each of you has spent
4. Identify options: from the information gained in the preceding steps and using the table above, determine what stage the organisation and its governing body are in their lifecycles. Are the two at the same stage or is there a difference?
5. Take action: based on the above information, assess the current and future needs of the business. Create a development plan for the governing body

What's Next?

If you were going to assemble a new governing body tomorrow, what characteristics would you want it to have? How does that differ from your existing governing body? What do you think your governing body is there for? Would its members agree with you?

Quick tips

- The members of your governing body want to feel engaged and useful; help them know how to best channel their energy
- Don't assume the members of your governing body know what their roles are; build in processes that allow this to be discussed openly
- Ensure the role of the governing body is reviewed whenever there is a big change in the organisation – a capital project, a major event, a significant change in direction

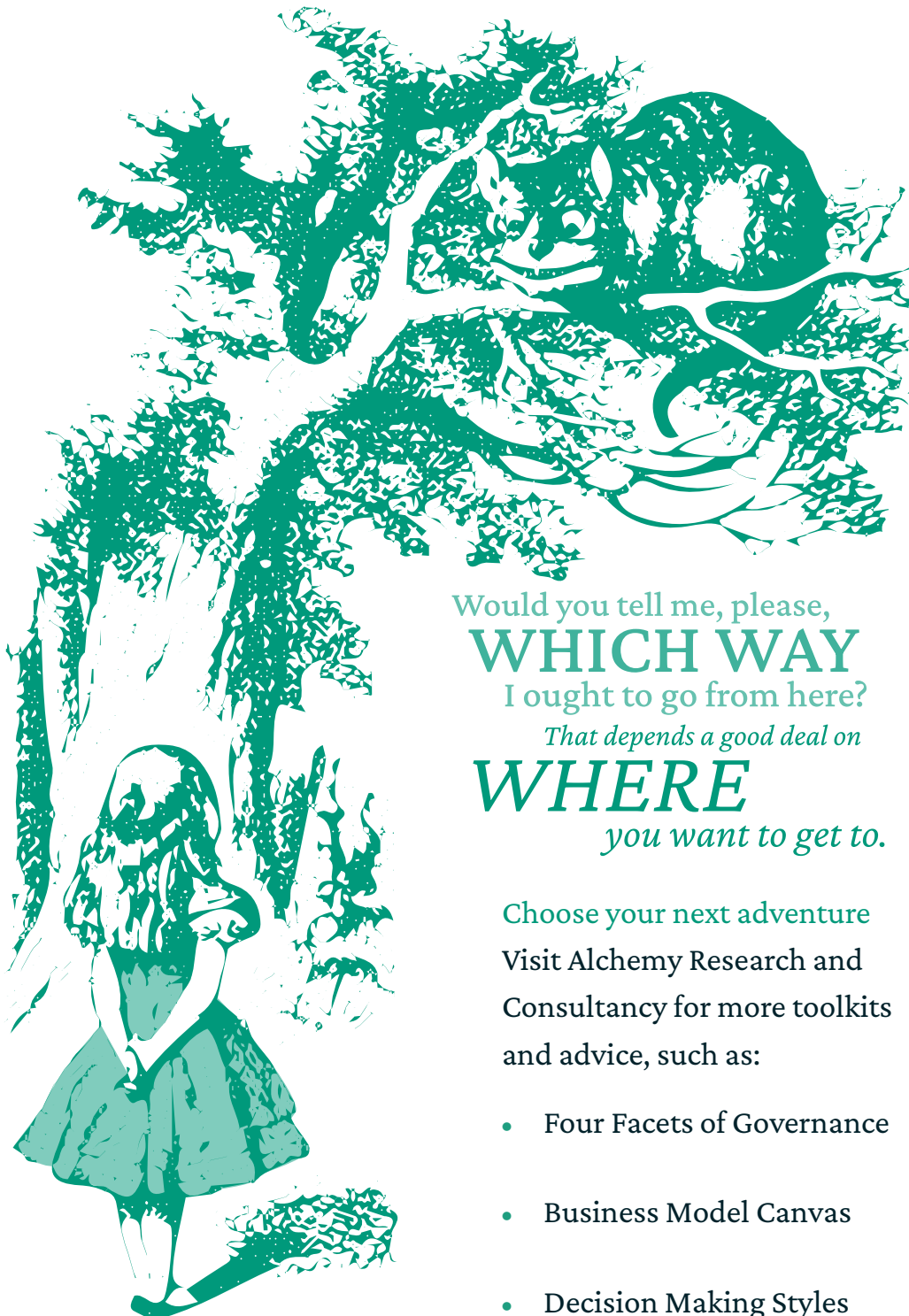
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