



FEASIBILITY STUDY

NGO Board Member Recruitment Service

FINAL REPORT



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Introduction

Context

The NSW Department of Family and Community Services, Ageing Disability and Home Care (ADHC) aims to provide better and more integrated services for vulnerable client groups in NSW. ADHC is responsible for funding and providing services for older people, people with a disability, their families and carers. ADHC works in partnership with many organisations to deliver the best possible services for clients, and funds over 900 non-government organisations (NGOs) and local government providers to deliver services.

ADHC is committed to developing a sustainable support system for people with a disability, older people and their carers by working with the NGO sector to build the system's capacity and accountability. In 2010, the NSW Government allocated \$17 million to an Industry Development Fund (IDF), to be administered by National Disability Services NSW (NDS) in partnership with ADHC. The purpose of the IDF is to support initiatives to increase the capacity of the sector. A Directions Report¹ released in June 2010 outlined six areas of focus for industry development in NSW, using IDF funding:

- People with disability at the centre of service delivery
- People with disability have access to the information and range of supports they need to live the lives they choose
- High-performing organisations achieving real outcomes for people with disability
- Robust planning and resource allocation decisions based on accurate data/evidence
- Effective governance, leadership and management of the sector
- The workforce is skilled, capable and focused on people with disability.

Project background

The effectiveness of NGOs (like all organisations) is directly linked to the capability and performance of top leadership. Good governance and sound management are key in cementing future viability and sustainability. Good governance requires strengths in:

- Leadership, forward planning and the provision of guidance to the organisation, particularly in terms of developing an appropriate organisational culture
- Authority, accountability and control, providing monitoring and oversight of the management, including ensuring good management practices and the institution and application of appropriate 'checks and balances' in meeting fiduciary responsibilities
- Stewardship of the organisation, with the responsibility for safekeeping the organisation on behalf of stakeholders, particularly in terms of ensuring that the organisation pursues its stated purpose and remains viable in doing so.

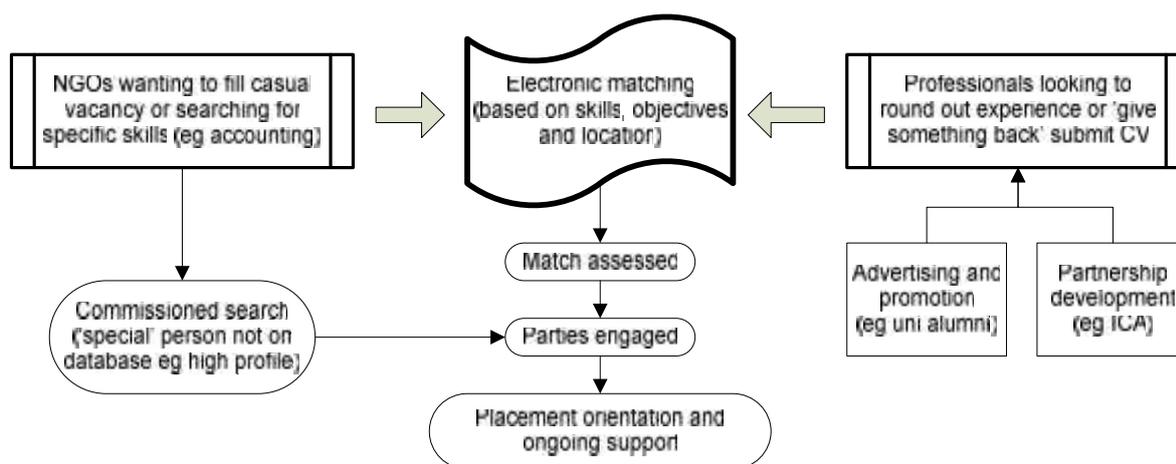
Good governance is vitally linked to the composition of the Board and skill levels of individual Board members. However, the Boards of most NGOs are volunteers, and while many perform ably, some lack the training and breadth of experience to fulfil the role of Board member to optimum potential. While there have been numerous initiatives designed and delivered to assist voluntary directors to meet their responsibilities (and many of these have been successful), ongoing support to maintain and lift the level of governance within the sector is considered essential.

¹ Directions Report NSW Disability Service Sector - Directions for Industry Development 30 June 2010

Project objectives

In order to advance the governance effectiveness of ADHC funded organisations, the Nucleus Consulting Group proposed a project to determine the feasibility of a Board Member Recruitment Service for the sector. The service would match Board needs to professionally qualified prospective volunteers (to supplement an organisation's existing processes and offer new options for Boards to consider). Such an initiative may involve:

- Development of online marketplace where NGOs can be matched to qualified professionals as prospective new board members
- Provision of ancillary consultancy services to bed down and support placements
- Provision of a more proactive search capacity for pivotal appointments.



A Board Member Recruitment Service aligns directly with a number of strategies and actions specified in the Directions Report including:

- Strengthening the skill base of boards
- Further enhancing corporate governance and strategic leadership
- Assisting organisations embed a culture of continuous improvement with a focus on excellence, innovation and effective risk management
- Developing a promotional strategy to attract skilled board members to the sector
- Establishing links with professional bodies as sources of potential board members to bring specific expertise to sector governance
- Leveraging the capacity of the community to support people with disability.

Bradfield and Nyland² in a review of governance literature (commissioned by NDS and ADHC) found that NGOs generally needed to take a more systematic and skills focussed approach to Board member recruitment, orientation and training. They would also benefit from advice regarding governance models for balancing skills requirements with representation of interests (for example, parents or carers).

² Bradfield Nyland Group (2011) Good Governance: 'It's Your Business' Learning and Development Strategy Review of Literature and Initiatives

Project methodology

To establish the feasibility of a Board Member Recruitment Service, a number of separate research initiatives were pursued including a brief targeted literature review, a survey of ADHC funded organisations and interviews with selected professional associations (representing sources of potential new Board members) and a sample of NGOs.

After the initial research phase, a live trial was conducted involving the recruitment of new Directors to fill a number of Board vacancies at three selected NGOs.

This report presents the findings of the survey of ADHC funded organisations (and selected elements from the literature review where relevant to survey questions). It also consolidates findings from all research initiatives including the recruitment trial and draws conclusions about the overall feasibility of a Board Member Recruitment Service.

A total of 185 organisations completed the initial survey, most being incorporated associations (60.7%) or companies (36.0%), as shown in Table 1 below:

Table 1: What type of organisation are you?		
Answer Options	Response Percent	Response Count
Incorporated Association	60.7%	108
Co-operative	1.7%	3
Company not for profit	36.0%	64
Company privately owned for profit	1.7%	3
	100%	178

Responses came from organisations of all sizes, evenly spread, from large to small:

Table 2: What is the annual income of your organisation (all sources)?		
Answer Options	Response Percent	Response Count
\$0 - 500,000	15.4%	28
\$500,001 - 1M	9.9%	18
\$1,000,001 - 5M	35.2%	64
\$5,000,001 - 10M	17.0%	31
\$10,000,001 - 50M	9.3%	17
\$50,000,001 or more	13.2%	24
	100%	182

A larger proportion of respondents were from non-metropolitan areas:

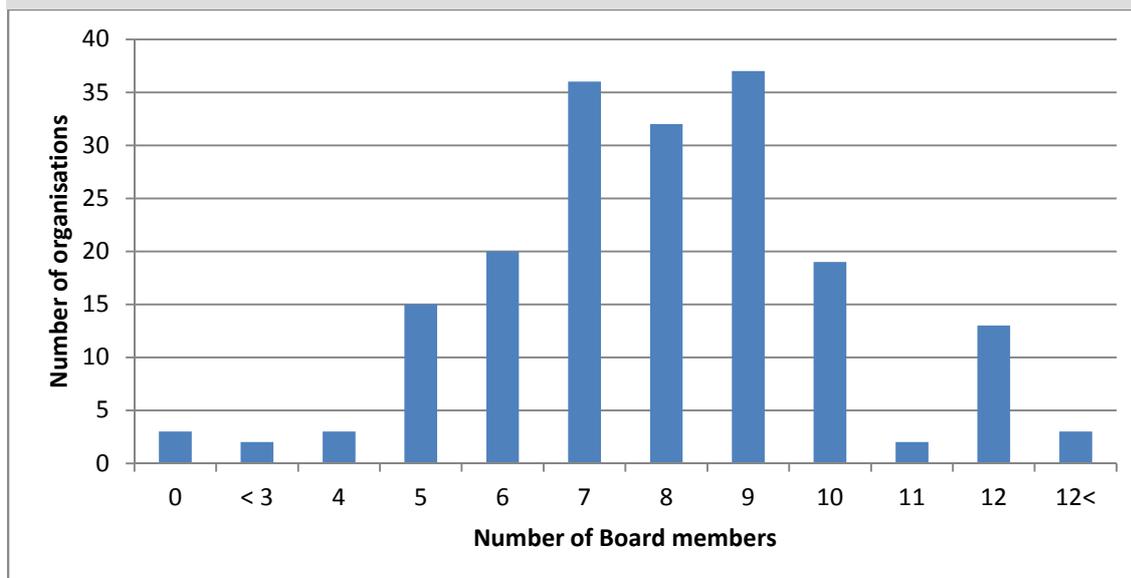
Table 3: Where is your head office?		
Answer Options	Response Percent	Response Count
Metropolitan	40.9%	74
Non-metropolitan	59.1%	107
	100%	181

Board Composition

Key components of Board success, as well as business success generally, are the elements of team work and complementary skills. An effective board will provide good governance and leadership by working effectively both as individuals and as a team.

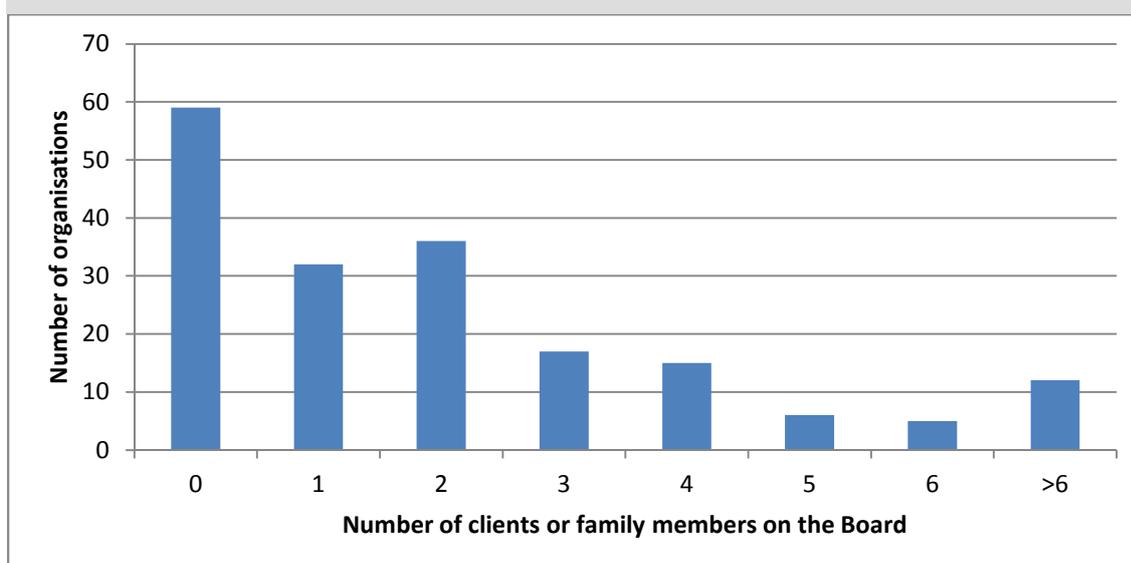
Of ADHC funded services that responded to the survey, most had between seven to nine Board members³, as shown in Chart 4 below. Under most circumstances this is a workable size, neither too large not too small:

Chart 4: How many Board members do you have?



Just over two thirds of all organisations responding to the survey (n=185) had at least one client or family member on the Board. With appropriate controls to manage conflicts of interest, it can be useful to have representatives of service users on Boards so long as the function of the Board is not impaired and a reasonable balance is maintained:

Chart 5: How many Board members are also clients or a family member or carer of a client?



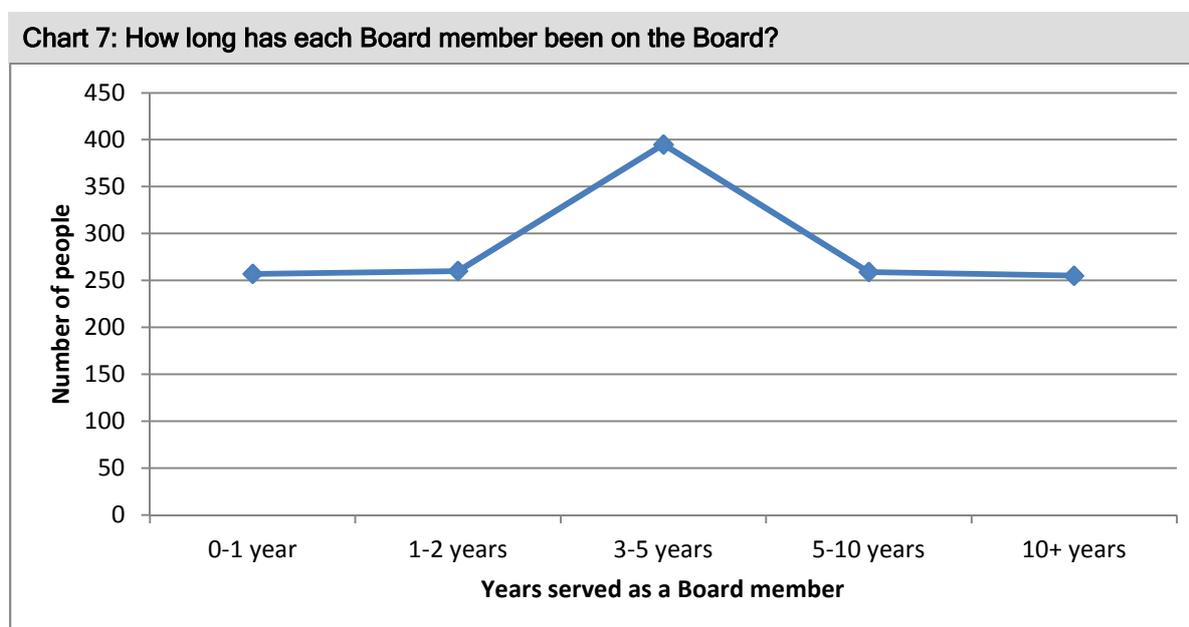
³ A later table in this report (see page 15) shows that numerous organisations also had vacancies on their Board at the time of the survey

Based on a sample of 1,424 Board members (reported by survey respondents), gender was evenly split between male and female:

Table 6: What gender are your Board members?		
Answer Options	Response Percent	Number
How many are Male:	51.6%	735
How many Female:	48.4%	689
	100%	1424

Board members had served as a member of the Board of their organisation for a range of times, the most frequent being 3-5 years, as shown below:

Table 7: How long has each Board member been on the Board?						
	0-1 year	1-2 years	3-5 years	5-10 years	10+ years	Total
Number of Board members	257	260	393	259	255	1424
% of Total	18.0%	18.2%	27.7%	18.2%	17.9%	100%



Of interest in the data above:

- There appears to be significant turnover in Board members, 36.2% of Directors having served for two years or less. Whether this is healthy (ie: a regular injection of new skills and energy) or unhealthy (a rapid churn that may indicate problems in Board function or member retention) is unknown (and would need to be considered on a case by case basis)
- A good proportion of Board members have substantial experience with their organisation, 63.8% having served on the Board for more than three years
- A significant number of Board members (17.9%) have been on their Board for 10 years or more. Again, whether this is a good thing (ie: accrued experience and knowledge) or something that may require attention (fresh energy and ideas needed) would require further analysis.

The age of Board members varied across the spectrum, as shown in Table and Chart 8 below, but most seemed to be older (44.6% being over 60 years of age):

Table 8: How old are each of your Board members?

	Younger	40-49	50-59	60-69	70-79	Older	Total
Number of Board members	102	267	414	445	155	29	1412
% of Total	7.2%	18.9%	29.3%	31.5%	11.0%	2.1%	100%

Chart 8: How old are each of your Board members?



Table and Chart 9 below show qualifications of serving Board members at surveyed organisations (more than one qualification per person may have been listed where individuals had multiple qualifications):

Table 9: Qualifications of serving board members

	University degree	Post-grad qualification	Diploma	Trade	No specific qualifications	Other	Total
Number of Board members	601	247	208	128	261	11	1456
% of Total	41.3%	17.0%	14.3%	8.8%	17.9%	0.7%	100%

Chart 9: Qualifications of serving board members

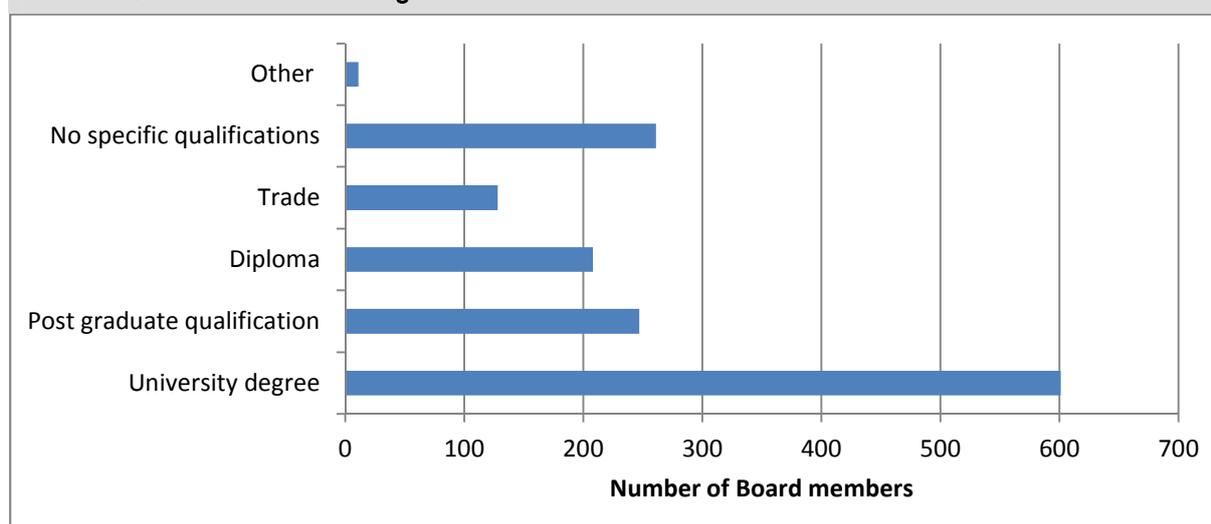


Table 10 below shows the range of skills and experience represented on the Boards of respondent organisations. Most common were business and accounting, followed by health and human services:

Table 10: What skills/experience do you have on your board?		
	Response Percent	Response Count
Business	82.6%	147
Accounting	72.5%	129
Service provision	59.6%	106
Parent/Family	55.1%	98
Health	48.9%	87
Education	46.6%	83
Legal	36.5%	65
Marketing/advertising	33.1%	59
Client	30.3%	54
Banking	26.4%	47
Industries related to specific service offerings	25.3%	45
IT	21.3%	38
Insurance	6.2%	11
Other (please specify)	11.2%	20

In earlier work undertaken by Bradfield and Nyland⁴, ADHC funded organisations were surveyed as part of the NDS Good Governance Program. It was reported that:

- 35% of ADHC funded organisations had half or more of their Board with professional governance related expertise; however 40% had only one or two members and 15% had no members with professional governance expertise. Where there were no Board members with professional governance expertise, organisations were clustered in the \$1-3 million annual income range
- 24% of ADHC funded organisations had Board members who had either commenced or completed a certificated governance course. Of these, larger organisations (annual income over \$5 million) were more likely to have this Board profile than smaller organisations
- 22% of organisations reported that half or more of their Board was composed of people representative of their client group, parents or carers (again, many of these were clustered in the \$1-3 million annual income range).

Where this occurred, the Board was more likely to be seen by the CEO as lacking in strategic capability and resistant to learning and change.

⁴ Good Governance: It's Your Business Learning and Development Strategy – Review of Selected Literature and Initiatives. Bradfield Nyland Group, October 2011

The Nucleus survey also asked ADHC funded organisations what factors, in the respondent's opinion, contributed to making a good Board member:

	Response Percent	Response Count
Work experience in a key area of Board function	83.7%	149
Passion for the cause	79.2%	141
Understanding of service delivery environments	76.4%	136
Understanding of disability sector	71.9%	128
Understanding of lived experience of people with disability	53.4%	95
Relevant academic qualifications	42.1%	75
Previous contact with your organisation	21.9%	39
Lives close by	8.4%	15
Knows other Board members	5.1%	9
Other (please specify)	14.0%	25

In addition to the factors in the table above, although some overlap, respondents also noted a range of 'other' attributes they believed helped to make a good Board member:

- Good people skills, cooperative, democratic
- Strategic thinking
- Governance experience and understanding of the role of a public company director
- Ability to understand government and disability funding
- Integrity, honesty, professionalism
- Capacity to fit the culture
- Enough time to contribute meaningfully
- Matching values
- Skills in submission writing
- Extensive personal and professional networks.

Survey respondents were asked what qualities were most important to them in a Board member, apart from professional skills. Key word analysis was used to analyse responses to this question – Table 12 below shows the most commonly used words:



Approaches to Board Recruitment

The vital role of recruitment

Ultimately, organisational performance is influenced by board effectiveness⁵.

Factors that have been found to contribute to how a Board functions include how a Board is comprised, the Board capabilities, and interventions that occur that alter this capability from time to time⁶.

Underpinning these principles are key roles for the Board in recruiting, developing and monitoring performance of Board members⁷. Consistent with this, there is general consensus in the literature⁸ that it is the responsibility of an organisation's Board to:

- Find and recruit new members to meet the organisation's changing needs in relation to skills, experience and diversity
- Provide suitable induction for new Board members
- Provide all Board members with opportunities for training and development according to their needs
- Periodically review their performance both as individuals and as a team.

An emphasis on Board recruitment and composition as elements of Board effectiveness is also noted in It's Your Business⁹; Boards should:

- Have the right structure and composition to suit the organisation
- Ensure the Board has the skills required
- Be able to maintain itself over time through recruitment and succession planning
- Maintain and develop the skills of its members and its overall performance
- Establish good relationships with senior staff and a strong accountability framework
- Conduct productive meetings and get through business efficiently.

Overall there is considerable discussion on what contributes to good governance and Board performance with agreement on a number of factors that contribute to both. Included in these are Board composition and recruitment as two key themes in promoting positive impacts on governance and performance.

⁵ Nicholson, Gavin J and Kiel, Geoffrey C (2004) A Framework for Diagnosing Board Effectiveness. Corporate Governance: An International Review 12(4):pp 442-460

⁶ Ibid

⁷ Good Governance A Code for the Voluntary and Community Sector, Summary, The Code Founding Group 2010 viewed at improvingsupport.org.uk/governance

⁸ See for example Australian Institute of Company Directors (AICD), Role of the board in not-for-profit organisations, http://www.companydirectors.com.au/NR/rdonlyres/363B03EA-B624-4E5D-976A-565D4EDDAF67/0/DUTY13_RoleOfTheBoardInNFPs.pdf

⁹ Ageing Disability and Home Care (ADHC) NSW It's Your Business. NSW Department of Family and Community Services 2011

Methods of recruitment

Organisations that responded to the survey sourced their current Board members in a number of ways, as shown in Table 13 below (respondents could tick more than one response). Most relied on known contacts:

Table 13: How did your Board members come to be on the Board? Please tick all that apply		
	Response Percent	Response Count
Knew existing board member	80.2%	134
Contact of the CEO or senior staffer	58.7%	98
Parent or family member of service user	54.5%	91
Contacted us and expressed interest	38.9%	65
We advertised	24.6%	41
Ex-staff member	14.4%	24
Referred by another organisation	9.6%	16
Recruitment service	7.8%	13
Supplier	3.6%	6
Number of organisations that responded to this question: 167		

Other (less frequent) ways that people had come to be on the Board of respondent organisations included:

- Learning about a vacancy through social media
- Current staff member or volunteer at the organisation
- Manager of a local partner organisation
- Headhunted
- Nominated and elected from amongst the attendees at an AGM.

Survey respondents were asked how they would recruit a new Board member if the need arose. Using key word analysis, the most frequently used words in responses were:

Table 14: How would you recruit a new Board member tomorrow if the need arose?			
<u>Advertise</u>	<u>Approach</u>	<u>Board</u>	<u>Brain Storm</u>
<u>Business</u>	<u>Clubs</u>	<u>Contacts</u>	<u>Existing Directors</u>
<u>Expression of Interest</u>	<u>Interagency</u>	<u>Knew anyone</u>	<u>Suitable</u>
<u>Media</u>	<u>Networks</u>	<u>People in the Community</u>	
<u>Recruitment</u>	<u>Referral</u>	<u>Think</u>	<u>Word of Mouth</u>

Available governance literature reviewed as a part of this project supports these findings:

- A 2010 survey of 140 agencies conducted by the NSW Centre for Volunteering found a very high incidence of Board member replacement by invitation or networking over other forms of recruitment¹⁰, 82% of respondents reporting they acquired new Board members by invitation or networking. Only 15% of respondents used external advertising, 10% a Board register matching service, and 5% an external recruitment agency.
- A 2012 survey of community based sport and recreation clubs and associations, arts groups, health services and special interest groups conducted on behalf of the Victorian Department of Planning and Community Development¹¹ (DPCD) found that most approached potential new Board members through known networks (48.0%), were friends or colleagues of existing Board members (25.6%), or were current or former staff, volunteers or clients of the organisation (17.6%).

Other recruitment strategies identified in the DPCD survey but used less frequently included advertising through local community networks, using staff contacts, and advertising in local community papers. Very few organisations advertised through Board registration services or sourced candidates through a recruitment agency (2.5%).

Reliance on known contacts as the source of new Board members raises an issue regarding the extent to which Board member selection is independent and free from bias. Over-using existing networks can lead to Boards that lack diversity and replicate existing culture. While it is recognised that it is important to have a cohesive board where members get along with each other, having the right mix of skills and attracting new people with different ideas can also be important for the sustainability of an organisation:

- “Increasing the variety of people who serve on your Board can offer the opportunity to tap into a rich pool of talented candidates, bring new voices, experiences and approaches to decision-making, add depth to existing skills and ideas and, perhaps most importantly, bring the Board closer to properly representing its stakeholders”¹²
- “Lack of Board turnover over an extended period can hinder an organisation’s capacity to respond to a changing environment”.¹³

The NSW Centre for Volunteering study also found that the size, location and to some extent type of organisation had some bearing on capacity to recruit appropriate Board members, particularly in regional areas where “every organisation wants the local accountant on their committee from the football club to the health service.”¹⁴

Boards also need members with a range of specific skills covering the areas of Board function and accountabilities. Many writers talk about the need to recruit Board members wisely through skills analysis, recruitment planning and review of existing Board skills/experience; however, in practice these principles are often overridden. It may be that circumstances or Boards themselves prevent this occurring, for example most organisations operate with a general election by members (although for many this is a fairly nominal process), with candidates drawn from a small pool and often no contest for positions. A major challenge remains, however, the scarcity of suitable candidates often leading to a high level of co-option.

¹⁰ Governance of NSW Not for Profit Organisations, NSW Centre for Volunteering, 2010

¹¹ Pathways to Participation on Community Boards and Committees, Nucleus Consulting Group on behalf of the Victorian Department of Planning and Community Development, 2012

¹² Our Community, Achieving the right mix: towards a more diverse board, viewed 4 January 2013, http://www.ourcommunity.com.au/boards/boards_article.jsp?articleId=1335

¹³ Bradfield Nyland Group, 2011 Op Cit

¹⁴ NSW Centre for Volunteering 2010, Op Cit

In considering factors that might impact on the decision to seek (or accept) a Board appointment, Nucleus asked survey respondents when and how often their Boards met (see Tables 16 and 17 below):

Table 15: When does your Board meet?

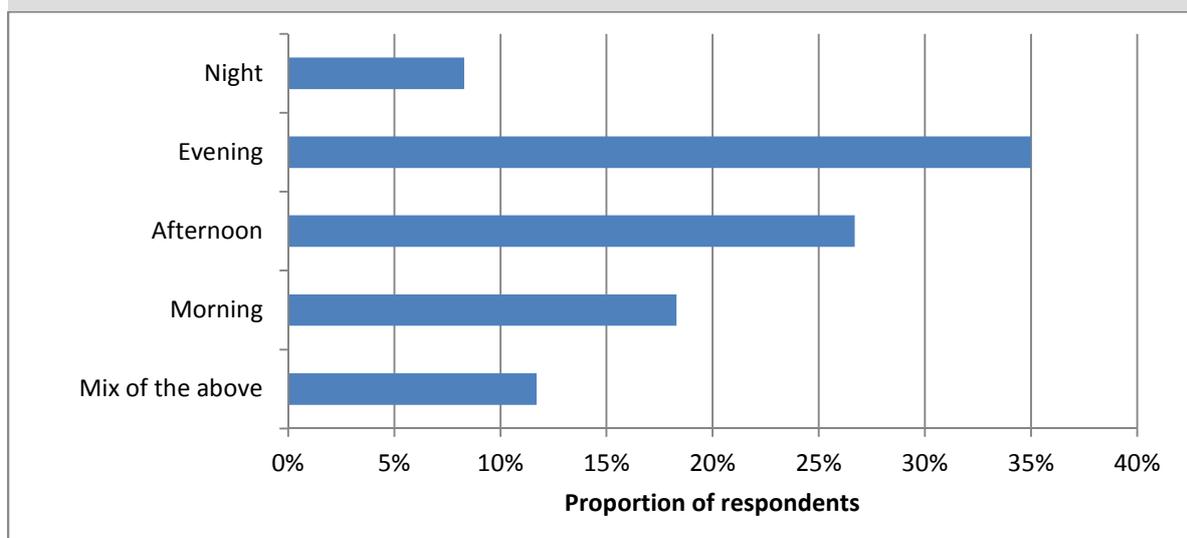
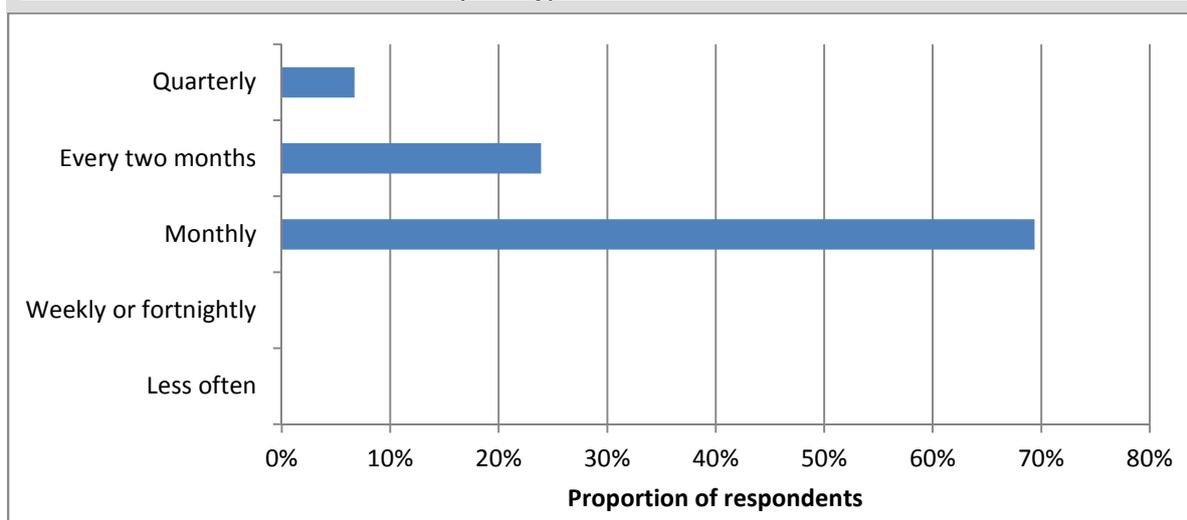


Table 16: How often does the Board (usually) meet?



Survey respondents were asked whether they paid Directors any remuneration or reimbursement of expenses (organisations could indicate more than one response):

Table 17: Do you pay Directors any of the following?

	Response Percent	Response Count
Travel (to Board meetings; on official business)	52.0%	66
Memberships	7.9%	10
Training	59.8%	76
Conferences/meeting registration fees	69.3%	88
Honorarium	3.1%	4
Other (please specify)	13.7%	18
Number of organisations that responded to this question: 127		

Board orientation

Of ADHC funded organisations that responded to the Nucleus survey, nearly three quarters had an orientation program for new Board members and a further proportion were developing one. However, over 10% of organisations had no orientation program:

	Response Percent	Response Count
Yes	72.2%	127
No	11.4%	20
Under development	16.5%	29
	100%	176

Consultations undertaken alongside the DPCD survey¹⁵ indicated that the majority of organisations provided some orientation to new Board members. This included:

- Providing a 'Welcome Pack' of information containing the organisation chart; role and purpose of the Board; statement on the separation of governance from management (CEO role); attendance requirements for Board meetings; conflict of interest; code of conduct and confidentiality; and complaints/grievance processes
- A tour of the organisation to meet staff and understand programs and services
- Mentoring by another member of the Board (in particular Treasurers, to assist in reading and understanding financial reports).

The DPCD survey also found that most members of current Boards had undertaken other initiatives prior to their joining to prepare for their role. Most had obtained information about the organisation's mission, values, services and programs (88%) or sought financial or annual reports (62%). A further 49% had met with current members of the Board and just over one quarter (26%) had attended a Board meeting.

Other strategies used by Boards to support participation included:

- Developing 'buddy systems' where new members are teamed with a more experienced member to discuss difficult decisions
- Mentoring by a Board member from another similar organisation
- Dedicating an annual budget for each Board member for training they considered necessary to support their participation (needs identified through a skills audit)
- Videoconferencing meetings, especially in rural areas, to reduce travel time (requiring less frequent face-to-face meetings, often quarterly)
- Chairperson contacting new members after the first few meetings to clarify any issues and identify any supports required
- Setting up 'cloud' accounts to share files and documents
- Paying reasonable expenses, e.g. travel to attend evening meetings.

¹⁵ Nucleus Consulting Group on behalf of the Victorian Department of Planning and Community Development, 2012 Op Cit

Board Succession

Of ADHC funded organisations that responded to the Nucleus survey, nearly half did not have a succession plan for the Board:

Table 19: Do you have a Board member succession plan?		
	Response Percent	Response Count
Yes	20.5%	36
No	48.3%	85
Under development	31.3%	55
	100%	176

A similar proportion (nearly half) had no firm plan to replace key Board leaders should that be required:

Table 20: Do you have a succession plan for particular office bearers (eg Chair; Treasurer)?		
	Response Percent	Response Count
Yes	19.9%	35
No	49.4%	87
Under development	30.7%	54
	100%	176

Only one third of organisations were proactive in managing the composition of their Board:

Table 21: Is your usual practice:		
	Response Percent	Response Count
Active re-generation of the Board	29.0%	51
Filling vacancies more or less as they arise	71.0%	125
	100%	176

Nearly half of all the ADHC funded organisations that responded to the survey had vacancies on their Board at the time of the survey:

Table 22: Do you currently have vacancies on your Board?		
	Response Percent	Response Count
Yes	46.2%	80
No	53.8%	93
	100%	173

Only one third of respondents undertook any evaluation of the performance of the Board in meeting its obligations and carrying out its responsibilities:

Table 23: Is the performance of the Board evaluated?		
	Response Percent	Response Count
Yes	32.8%	57
No	44.3%	77
Under development	23.0%	40
	100%	174

Why people volunteer

Motivational factors

Given the significant role played by volunteers in many aspects of community life, understanding motivational drives should be a cornerstone of attracting and retaining volunteers.

This is general agreement in the literature^{16 17} that the most common reasons why people volunteer include:

- Passion for the cause
- Influence of friendships and difficulty saying 'no'
- Meeting a personal need for business, friendship or belonging.

The Centre for Volunteering NSW using ABS data reported that:

- 57% of volunteers acknowledged helping others or the community as the reason for their volunteering and 36% wanted to do something worthwhile
- 44% gave personal satisfaction as a reason
- 22% of volunteers gave social contact as their reason for volunteering
- 16% wanted to be active and to use skills/experience, while 11% wanted to learn new skills and gain work experience.¹⁸

Esmond and Dunlop in a Western Australian paper¹⁹, drawing on the work of Clary, Snyder and Ridge²⁰, found a range of motivations underlying volunteerism:

- Values - the individual volunteers in order to express firmly held beliefs
- Reciprocity - 'what goes around comes around' (volunteering will also bring about good things for the volunteer him/herself)
- Recognition - the individual is motivated by being recognised for their contribution
- Understanding - to learn more about the world through their volunteering experience or exercise skills that are often unused
- Self-Esteem - to increase their own feelings of self-worth
- Reactivity - to 'heal' and address their own past or current issues
- Social - to conform to normative influences of significant others (e.g. friends/family)
- Protective - the individual volunteers as a means to reduce negative feelings about themselves, e.g. guilt or to address personal problems
- Social interaction - to build social networks and interact with others
- Career development - to make connections with people, gain experience and skills in the field that may be beneficial in assisting them to find employment.

¹⁶ McKee, T. Why People Volunteer The Top Three Reasons People Volunteer. Volunteer Power <http://www.volunteerpower.com/articles/Why.asp>

¹⁷ Ridley, E and Barr, C. (2006) Board Volunteers in Canada: Their Motivations and Challenges, A Research Report, Canada, viewed 4 January 2013 <http://library.imaginecanada.ca>

¹⁸ Australian Bureau of Statistics, Voluntary Work Australia 2006 Survey Report, produced by the Centre for Volunteering NSW, 2006

¹⁹ Esmond and Dunlop (2004) Developing the Volunteer Motivation Inventory to Assess the Underlying Motivational Drives of Volunteers in Western Australia CLAN WA Inc

²⁰ Clary, E. G., Snyder, M., & Ridge, R. (1992). Volunteers' motivations: A functional strategy for the recruitment, placement, and retention of volunteers. *Nonprofit Management & Leadership*, 2, 333–350

A recent survey of current (n=423) and prospective (n=208) Board members in Victoria also found the main reason for joining a community board or committee was primarily altruistic – having a strong personal interest or commitment to the purpose of the organisation and a commitment to giving back to the community.²¹

On the other hand, research has also identified a series of cautions that may act to deter potential new Board members from seeking an appointment:

- Poor relationship between Chair and CEO
- Poor leadership from the Chair
- Poor financial status of the organisation
- Poor reputation of the organisation
- Decisions being made outside of meetings and forced through at meetings
- Poor role definition
- Board members who are service users or staff members not understanding the requirements of governance
- Difficulty getting Board members to do the work required
- Lack of succession planning and/or over reliance on a particular person or group (given problems recruiting new members). Reasons for people not wanting to serve on a Board included:
 - People want to do the activities but don't want to participate in the running
 - Fear of litigation and personal liability if there is significant personal injury (despite these fears being overstated²²)
 - Red tape and bureaucracy
 - Fatigue and ill health.
- Difficulty attracting people of culturally and linguistically diverse backgrounds to represent their communities as many lack language, skills and experience.²³

²¹ Nucleus Consulting Group on behalf of the Victorian Department of Planning and Community Development, 2012 Op Cit

²² PilchConnect (2011) Guide To The Legal Duties Of Not-For-Profit Committee Members In Victoria, viewed 3 January 2013 <http://www.pilch.org.au/govguide/>

²³ Australian Multicultural Foundation and Volunteering Australia (2007) National survey of Australian volunteers of diverse cultural and linguistic backgrounds, Melbourne

Implications for Board recruitment initiatives

Esmond and Dunlop proposed ways that organisations might use known motivational factors to increase the effectiveness of their use of volunteers. Organisations could:

- Tailor recruitment messages by using information on key motivations
- Better place volunteers by assessing and meeting their motivational needs
- Seek to better maintain volunteer satisfaction by understanding and meeting their motivations and expectations²⁴.

Boards, however, need to carefully consider Board composition as inadequate attention to the recruitment and orientation process and thereafter to Board cohesion can negatively impact both governance and performance. New appointments to Boards, particularly 'professional' appointments, need to be carefully managed. Some concerns that have been noted when Boards add highly qualified professionals to their membership include:

- NGO Boards may not be always be focussed on 'the bottom line', a range of interests (eg client, community, philosophical and cultural differences) may jostle for primacy²⁵. It is important that new Board members are at least aware of (and ideally commit to) the ideals of the NGO environment and philosophy
- By moving to appoint professionals to Boards, NGOs should not over or undervalue the expertise, efforts and experiences of the existing members. By comparison with less qualified people, the appointment of high powered/high qualified new Directors can inadvertently be perceived as a slight on other volunteers. It is important to clearly communicate with the Board and organisation reasons why skills-based volunteering or professional Board appointments are being made
- Not all organisations are ready to use or accept skills-based recruitment to Boards and organisational readiness needs to be considered²⁶. Warning signs may include: micromanagement by the Board; CEO as recruiter; no Board policies, training or orientation; and no recruitment criteria/articulated process.

Recognition of the work that Board members contribute is also important to creating and sustaining viable Boards. Small gestures of appreciation can have a huge effect on morale, motivation, and productivity. While the majority of people volunteer to 'contribute to the community' the personal satisfaction and reward gained from the experience is one of the motivating factors to continue. Acknowledging contributions personally and publicly and reaffirming the gains made, (e.g. number of new clients; financial surplus) all contribute to volunteers feeling satisfied in their role.²⁷

Overall the key points are that process is important at all stages of Board recruitment, involving Board readiness, candidate specification and selection, member induction and development, and performance assessment of the individual and the Board as functioning unit. Professional appointments to a Board should not be seen as an end in themselves - effective Boards do not just happen, but result from deliberate processes that include recruiting and developing directors with the right combination of skills, experience and personal qualities. Effective Boards also have processes for assessing their own performance and reporting to their stakeholders.

²⁴ Esmond and Dunlop (2004), Op Cit

²⁵ Corporate Perspectives of Serving on a Non Profit Board extract from "Vantage Point" Fall 2000. Posted with permission from Volunteer Vancouver, British Columbia, Canada. Daniel Patrick O'Grady

²⁶ 10 'STOP' signs on the Road to Board Recruitment. Hildy Gottlieb ReSolve, Inc 2003, 2005 reprinted in Creating The Future

²⁷ Volunteering Australia (2011) National Survey of Volunteering Issues, http://www.volunteeringaustralia.org/files/G49Z16ZBPD/2011_National_Survey_on_Volunteering_FINAL.pdf

Recruitment Service

Potential for a Board Member Recruitment Service

The survey of ADHC funded services conducted as a part of the feasibility study asked organisations what type of skills and experience they wanted more of on their Boards. Most in demand were legal and marketing/advertising skills (note that respondents could select more than one answer):

Table 24: What additional skills would you like on your board?		Please tick all that apply	
	Response Percent	Response Count	
Legal	54.8%	92	
Marketing/advertising	51.2%	86	
IT	32.1%	54	
Accounting	29.8%	50	
Business	22.0%	37	
Industries related to specific service offerings	19.6%	33	
Service provision	17.9%	30	
Insurance	16.1%	27	
Client	14.3%	24	
Parent/Family	13.7%	23	
Health	13.1%	22	
Education	12.5%	21	
Banking	9.5%	16	
Other (please specify)	8.9%	15	

ADHC funded services were also asked if they would use an external recruitment service to help them acquire a new Board member. Just under half of all respondents would be prepared to do so, and most of the rest would consider it subject to further information:

Table 25: Would you use an external Board Member Recruitment Service if one was available?		
	Response Percent	Response Count
Yes	44.4%	79
No	15.2%	27
Maybe	40.4%	72
	100.0%	178

Not as many however would be prepared to pay for the service (although in addition to those that would be prepared to pay, another half of all respondents indicated they would consider it subject to further information):

Table 26: If Yes, would you consider paying for it?		
	Response Percent	Response Count
Yes	19.3%	31
No	30.4%	49
Maybe	50.3%	81
	100.0%	161

Of those that would be prepared to pay (and those that would consider it), most would only be prepared to pay up to \$5,000. Around 10% of respondents would be prepared to pay up to \$10,000. Only one respondent would be prepared to pay more than \$10,000:

Table 27: What's the most you'd be prepared to pay an external recruitment service (for a top line candidate capable of becoming an office bearer one day)?

	Response Percent	Response Count
\$0 - 5000	89.6%	95
\$5001 - 10,000	9.4%	10
\$10,001 - 20,000	0.9%	1
\$20,000 - 50,000	0.0%	0
	100.0%	97

Amongst those that would not consider paying for an external recruitment service, most cited limited financial capacity as the reason. A significant proportion also felt that they could do themselves as well as an external agency:

Table 28: What's the one main reason you wouldn't you pay for an external recruitment service?

	Response Percent	Response Count
Can't afford it	38.5%	25
We can do just as well ourselves	27.7%	18
Not the best use of funds	21.5%	14
New Director might not fit	4.6%	3
Board would not approve it	4.6%	3
Scepticism about consultants	3.1%	2
	100.0%	65

A small number of respondents were negative about the prospect of an external Board Member Recruitment Service. Comments included:

- "An external service would not be able to determine the potential director's knowledge and commitment to the cause"
- "How is a service based in Sydney going to have any knowledge about this community to understand who may be or may not be appropriate for our Committee"
- "We're user run - we would never use a recruitment service"
- "We used an external service on two occasions. Both times the Board member was less than suitable".

ADHC funded organisations were asked about the benefits of using an external Board Member Recruitment Service (more than one response was allowed):

Table 29: What do you think are the main benefits of using an external Board recruitment service?

	Response Percent	Response Count
Opens up a new pool of candidates	78.8%	123
Pinpoint the skills we need	69.9%	109
Professional assessment of candidates	58.3%	91
Saves time and effort (staff and Board)	47.4%	74
Independent advice on selection	45.5%	71
Provides support to orient a new Board member	25.0%	39
Shows we're serious	22.4%	35
Quicker than doing it ourselves	17.9%	28

Many respondents identified a range of benefits of using an external Board Member Recruitment Service. Respondents also noted a number of other benefits, including:

- “Could help to filter out undesirable interested parties”
- “Prevents perceived favouritism”.

ADHC funded organisations were asked what incentives might encourage them to use an external recruitment service (more than one response was allowed):

Table 30: Are there any incentives that might influence you to use a recruitment service?		
	Response Percent	Response Count
Free Board evaluation report	64.4%	94
Partial contribution to cost (26%-50%)	53.4%	78
Reduction in ADHC compliance reporting	34.2%	50
Partial contribution to cost (0-25%)	28.1%	41

A small number of respondents indicated that they did not think Board recruitment was an area that could be incentivised.

Over half of all respondents considered that recruitment services should offer post-placement support (and most of the rest were as yet undecided on this matter):

Table 31: Should external recruitment services offer post-placement support?		
	Response Percent	Response Count
Yes	55.4%	92
No	10.2%	17
Undecided	34.3%	57
	100.0%	178

ADHC funded organisations were also asked what type of post-placement support would be most useful (more than one response was allowed):

Table 32: What type of post-placement support would be most useful?		
	Response Percent	Response Count
Discussion with Chair/CEO	70.5%	105
Review meeting at three months (2-way feedback)	66.4%	99
Telephone follow up with new Board member	43.6%	65

Finally, ADHC funded organisations were asked if they would like to participate in the trial by having a new Board member recruited for them:

Table 33: Would you be interested in us recruiting a new Board member for your organisation (at no charge) as a part of this trial?		
	Response Percent	Response Count
Yes (please add contact details below)	28.5%	47
No	50.9%	84
More information (please add contact details below)	20.6%	34
	100.0%	178

Sources of potential new Board members

A range of professional associations were identified and interviewed to gauge the level of interest and possible numbers of individuals with the experience and skills to serve on Boards in the NSW NGO sector. Interviewees were also asked if they would participate in the trial recruitment of new Directors from amongst their membership. The organisations interviewed were:

- The Australian Institute of Company Directors (AICD)
- The CEO Circle
- The Law Society of NSW
- The Executive Connection (TEC)
- The NSW Centre for Volunteering.

Interview questions (copy provided at Attachment 2) were developed in accordance with the project terms of reference. Additional information was recorded where relevant.

Overall the response from professional associations was positive and highlighted a potentially large group of people that not only might be willing to serve on NGO Boards, but were predominantly “high performing” individuals in the corporate world with considerable experience in Board and company management roles.

Some of the professional associations interviewed already have significant numbers of members involved in some way with NGOs, although it is not clear how many are involved specifically with ADHC funded services. What is clear is there has never been a targeted approach to enlist Board members for this sector.

- The Australian Institute of Company Directors (AICD)

The role of AICD is: “To provide leadership on Director issues and promote excellence in governance to achieve a positive impact for the economy and society”. AICD is the leader in training and development of Company Directors and has become increasingly involved in the NGO sector (including providing specific services to NDS). AICD has a high level of understanding of the needs and profile of the NGO sector.

AICD has some 32,000 members, which include Directors from such diverse organisations as ASX-listed companies, government agencies, NGOs, charities, family-owned/private companies and entrepreneurial ventures. For companies in the ASX 200, 98% have at least one Director as an AICD member. Significantly some 61% of AICD members have some involvement in the NGO sector.

AICD were supportive of this project and the broader aim to improve NGO Boards, and offered free advertising during the trial to assist to recruit new Board members from amongst its membership for the participating NGOs.

- The CEO Circle

The CEO Circle is relatively small with 200 members, 40% of which are in NSW. Of these, some 15% already serve in the NGO sector, and about one fifth of them serve on a Board. Of significance is that all members are CEOs and General Managers.

The CEO Circle worked with Nucleus in the trial, however the relatively small size of the organisation meant that relatively few prospects were produced, and these mainly through personal approaches to members considered the ‘right fit’ with a particular ADHC funded service.

- The Law Society of NSW

The Law Society has 26,000 members (all legal practitioners) across NSW, around 50% of who live in greater Sydney. It is estimated that one-third of Law Society members provide pro bono services.

The Law Society believed that its members would respond favourably to serving on an NGO Board, from a social justice perspective, to develop their own corporate governance skills and to connect with their community. The Law Society worked with Nucleus during the trial to highlight to members the opportunity to serve on an NGO Board, and within the trial was responsible for producing the largest number of registrations of interest from potential new Directors.

- The Executive Connection (TEC)

TEC claims to be the world's leading international network of Chief Executives and business owners. TEC members meet regularly in small groups to share experiences, listen to expert speakers and address business issues and opportunities. TEC members are CEO's of larger organisations, business owners and entrepreneurs. Around 10 to 15% of members are from NGOs.

TEC has 1200 members in Australia and New Zealand. All members are part of a group of about 16 that is led by a TEC Chair. In NSW there are 20 Chairs and 27 groups, or about 400 members. TEC estimated that around 10 to 20% of these would be prepared to serve on an NGO Board. (TEC also assists members in transition to semi-retirement, a group that might be of particular interest to NGOs).

TEC participated in the trial by agreeing to highlight opportunities to serve on NGO Boards to their members, via the group Chairs. However, the dispersed nature of the Chairs meant that Nucleus was unable to have direct contact with them (within the limited scale of the trial) or influence the way in which the opportunity was put to members (if at all). In the end, no registrations of interest were produced from this source (although it should not be discounted in the future).

- The Centre for Volunteering

The Centre for Volunteering is the peak body in NSW promoting and supporting volunteering and community participation. It includes Volunteering NSW, their service-delivery arm, and the School of Volunteer Management, a registered training organisation. Their aim is to connect people and organisations in order to enrich the community through referral, training, resource development, information and education services. One specific aim of the Centre for Volunteering is to enhance the capacity and skills of NGOs.

The Centre for Volunteering has some 500 member organisations and a listed volunteer base of 58,000 with 40,000 email addresses. It is also part of a volunteering network across NSW and claims that roughly 50% of registrants come from a CALD background. The Centre for Volunteering has an effective website where NGOs can list requests or volunteering opportunities, and volunteers can seek or respond to these requests. It also has a corporate volunteering section. The Centre was willing to work with Nucleus on this project and offered to include a question on volunteering for an NGO Board in a member survey; however, Nucleus did not pursue this opportunity given the limited scale of the trial and intent to focus on the professional associations (but the potential offered by the Centre for Volunteering should not be ignored in the future).

Interviews with professional associations also discussed the factors motivating their members to serve on an NGO Board. These are generally consistent with the research cited earlier in this paper: giving back to the community and 'making a difference' were common themes. In the more corporate orientated organisations there were also themes around being a good corporate citizen and around younger professionals gaining Board and community experience to round out their CV's, particularly in a range of different leadership situations.

Social justice may be a bigger factor with members of the Law Society but many also wanted to develop their corporate governance skills. This group might also see it as an opportunity to raise their profile in the community.

The Centre for Volunteering believes that the many people on their database from a CALD background (including recent immigrants) may see an NGO Board appointment as a way to engage with the community and even help obtain employment.

In summary, the response from the professional associations interviewed was positive with a genuine interest in the project. The number of members represented by these bodies is significant and offers good potential for an ongoing recruitment service. Some already have a process of highlighting Board opportunities that could be readily utilised. What is apparent is that whilst there is a recognition that NFP Boards need to improve, and there has been a focus on improving how they operate, there has been very little offered in the targeted recruitment of high performing individuals.

Prospective users of a Board recruitment service

Interviews with a sample of ADHC funded organisations were undertaken as part of the trial to gather information on aspects of the development and potential usage of a Board recruitment service (building on the information obtained from the NGO survey reported in earlier sections of this document).

Interview questions (see Attachment 3) were developed in accordance with the project terms of reference. Additional information was recorded where relevant.

The NGOs interviewed were selected from among those 47 organisations that indicated in the NGO survey they would be interested in Nucleus recruiting a new Director for them as part of the trial. Ten interviews were completed with either the CEOs or Chairs (or both) of the following organisations:

- Large urban-based, high profile organisation
Board recruitment is strategic and targeted through a nominations sub-committee which discusses future needs and succession planning. Potential Board members are approached by the CEO or President, with the President then meeting them and if appropriate asking them to join the Board. Some prospective Board members might serve on a subcommittee first. Would be interested in a Board recruitment service to augment existing approaches with the possibility of pre and post placement support.
- Large rural based organisation
Board recruitment is mainly through local networking and based on the strategic needs of the organisation. Often this is to ask recently retired people with the required skills, and the potential Board member is brought on to a committee for a trial period, then invited on to the Board. Would be interested in using a recruitment service to increase the pool of potential candidates and have pre and post placement support (including some mentoring).
- Medium size urban organisation
Provides a range of services and currently developing an innovative technology-based business to complement service delivery. Has undertaken a skills analysis to identify future needs and three years ago revamped the Board with four new Directors. This was undertaken by the Chair through membership of the AICD. Still a need to recruit new members, particularly with skills suited to the technology initiative. Would use a recruitment service providing it had the right values for the sector and offered pre and post placement support.
- Small to medium size urban organisation
Provides a broad range of community services including disability services in comparatively disadvantaged communities. Board recruitment is based on discussions between the CEO and Board, and undertaken by the CEO who has a broad community network; has also advertised for Board members. In recent months the CEO has recruited four new members. Would use a recruitment service providing it can demonstrate a successful track record and provide pre and post placement support.
- Medium size regional organisation
Provides disability and age care services. Until recently, replaced Directors from local stakeholder organisations but with a change of Constitution now recruits externally through word of mouth and advertising. This has not been overly strategic but now identifies future skills needed. Would use a recruitment service to identify a bigger pool but would want some guarantees of a successful placement. Some post-placement mentoring would be an advantage.

- Small urban service
Provides mostly respite care to people with disability and their families. Recruitment has been through personal contacts and generally based on skills needed on the Board. This approach has worked but there is now a concern that it has reached saturation and more Directors are needed. Not overly keen to use a recruitment service and would look at other avenues first. However the Chair thinks that there could be interest amongst other NGO's because it is getting harder to recruit. Also doesn't see much need for pre or post placement support.
- Medium size rural organisation
Provides a range of services, the only service of its type in the local community. Board recruitment has mostly "just happened" through the Chair and Directors approaching people in the local community. These are generally personal contacts and the feeling is the pool has now been exhausted and they are unsure how to recruit in the future. Also whilst a skills audit has been done on the Board they are not sure they can fill the gaps. For all these reasons they would use a recruitment service but it would need to be cost/benefit. Pre and post placement support would be attractive and also mentoring of the Board.
- Small regional organisation
Provides services in the local community only. Recruitment has been through the CEO identifying needs and asking people to join the Board. Consideration is given to bringing the person on to a committee first and also using a local community service to advertise for Board members. Would consider a Board recruitment service as it would increase the potential pool of candidates but it would need to understand local needs. It could also act "at arms length" and filter candidates, which would be an advantage in a small community. Having pre and post placement support was definitely seen as an advantage and worthy of investment within the recruitment process.
- Small organisation in regional centre
Provides a community service to people in need but not a specialist disability service. Recruitment is mostly by personal approach and also (with limited success) by general email. It has been difficult for this organisation to be strategic because of the small pool of potential Directors and difficulties in recruiting new people in the small town environment. Would use a recruitment service but it would need to understand the organisation and its objectives. Pre and post placement support would be an advantage particularly regarding the legal requirements of Directors.
- Small rural organisation
Provides respite care only. The organisation has been largely re-built over recent years from a poor financial position. This included a new Board and finding the skills needed to stabilise and develop the organisation. Mostly this has been done by networking in the local community and through organisations like Rotary and Lions. Unsure whether a recruitment service would be useful and would need to get people from the local community where the organisation is already connected.

The interviews highlighted some common themes in NGO Board recruitment, including:

- All had vacancies on their Boards
- Most either formally or informally took a strategic approach to identifying and filling Board vacancies, but many had to be pragmatic in recruiting from a small pool
- Consistent with the original survey, most recruited by personal contact through the networks of the CEO or Board
- Most would use a recruitment service (only one said no but later qualified this)
- Most would be happy to pay for the service (outside of the trial) but this obviously varied, particularly based on the size of the organisation and finances. A consistent theme was that some form of guarantee of successful placement would be required, much like a traditional staff recruitment service. Some suggested the government should pay
- Most also thought that a recruitment service would need the right values and understand the sector, rather than having no real prior involvement or empathy
- Rural and regional organisations particularly struggled to get new Directors
- Most thought pre and post placement support from the recruitment service would be an advantage and many liked the idea of a mentoring service
- Board recruitment for most NGO's is a challenge and there has not been much change or innovation in approaches
- Community profile, reputation, type of services delivered, size and where they operate all have some impact on capacity to recruit new Directors.

All organisations reconfirmed their interest in participating in the trial by having new Board members recruited by Nucleus; most were also clear about the types of skills they needed on the Board as the basis for the search.

Original project budget provided for just one organisation to participate in the recruitment trial; however Nucleus elected to ask three organisations to take part in the trial and in consultation with NDS invited the following organisations to participate:

- A small organisation in a regional centre
- A medium size urban organisation
- A small size urban organisation.

Report on the trial of a Board recruitment service

Nucleus contacted the CEOs at each of three organisations to confirm participation in the Board recruitment trial and timelines. A process was agreed with each organisation, shown in the diagram over the page.

Key tasks undertaken by Nucleus included:

- Liaise with participating NGOs to compile Board vacancy specification
- Develop search and selection criteria and liaise with the professional associations to advertise the vacancies
- Field expressions of interest from people interested in becoming an NGO Board member including exploring the nature of the opportunity e.g. structure of the NGO; services provided; sectoral issues and challenges; expectations etc
- Receive and review applications/CVs, matching to NGO needs and circumstances
- Prepare short lists for each NGO, develop summary profiles and submit to CEO
- Provide support and monitor interview and selection process (although the latter was completed by the NGOs alone).

Key tasks to be undertaken by each participating NGO included:

- Prepare a Director Position Description
- Convene a selection subcommittee to schedule and conduct interviews and discuss and select preferred applicant
- Conduct follow up meeting(s) with preferred applicant(s) and offer positions
- Develop and implement an appropriate induction package.

To assist NGOs and maximise the chances of successful outcomes, Nucleus developed a tool kit to guide the recruitment process (see Attachment 4). NGOs were advised that the kit was not intended to be prescriptive, and they were free to use their own recruitment methods/resources or tailor tools from the Nucleus kit to suit their individual circumstances. Nucleus endeavoured to work flexibly with each trial organisation.

This kit included the following elements:

- Board Skills Assessment (to determine what extra skills they needed)
- Person Description (key skills and qualifications sought in a new Board member)
- Information Package (to be sent to prospective applicants for a Board position)
- Screening and Short Listing guide (to assess candidates against selection criteria)
- Interview guides (to assess candidate potential)
- Decision making matrix (to make decisions in a structured and systematic way)
- Board Induction guide (to ensure new Board members are up and running quickly).

The recruitment exercises were ultimately very successful with 94 applications received. Good results were recorded in all three NGOs:

- Medium urban organisation – shortlisted eight, interviewed four and appointed two new Directors
- Small urban organisation – shortlisted four, interviewed two and appointed both
- Small organisation in a regional centre - shortlisted four, interviewed two and appointed both.

Upon completion of selection, Nucleus undertook a series of interviews with the CEOs and Chairs of the three participating NGOs and with a sample of applicants to gather opinions about how the process might have been improved:

Interviews with participating Chairs/CEOs

Internally, the process may have been improved by greater attention to:

- Developing an effective communication strategy with existing members of the Board to ensure they are supportive and committed to Board improvement
- Providing applicants with more information about the disability sector, philosophy and future directions/priorities (“disability awareness material”).

The Chairs and CEOs that participated in the trial were strongly positive. The benefits of using an external Board member recruitment service were seen to include:

- Opened up a new pool of candidates
- Pinpointed the skills needed, assessed against actual circumstances and conditions (“tailored uniquely to us”)
- Professional guidance and industry expertise on tap (through the consultant), promoting confidence that “if we do this the organisation will be better off”
- Independent assessment of candidates, ensuring only fully qualified and suitable applicants were presented.

Having experienced the trial, most of those interviewed agreed that it would be reasonable to pay for such a service in the future; however, price would be a key factor. Some wanted assistance to better develop the internal capability to conduct and conclude a more professional recruitment program themselves.

Some placed the issue of Board recruitment within the broader context of succession planning, not seeing it as a one-off occasional exercise – they were concerned about how the Board might be constituted in the longer term and believed they needed to have a goal and plan strategically to get there. External assistance in this area would be welcomed.

Interviews with applicants (both successful and unsuccessful in gaining a position)

Applicants for Board positions identified the following issues they thought would have improved the process:

- Having stricter timeframes for NGO action and decision and greater articulation of the process (“having someone I can ring to find out whats going on”)
- Receiving more regular communications regarding progress, application status etc (having someone who was “unconnected that I could rely on for straight talking”)
- Having key governance documents (roles, responsibilities, risk management, policies and procedures etc) available to short listed applicants, in part to allow them to prepare for interview but also to demonstrate the professionalism of the organisation they are considering joining
- Insufficient focus in the process about how the placement might benefit the professional (not that this was a primary motivation, but some applicants felt this was “all one way traffic”)
- More thorough induction for new Board members, including more detailed briefings from the consultant (both before and after appointment) about what they might expect (some experienced an element of “culture shock”). At one NGO, the new Directors noted a poorly organised and ineffective induction, despite the organisation having an induction package
- Not having the CEO as “lead recruiter” (which many thought irregular and possibly compromising given the CEO reports to the Board).

Among factors that might have deterred applicants from seeking appointment were (note these were general views and not comments about the NGOs participating in the trial):

- Poorly organised or “unfocused” recruitment exercise
- Taking too long (“no clear sense of action”; “explicitness”)
- Overly long and too frequent Board meetings, meetings held at night; poorly developed meeting agenda; Board business that is overly operational in nature
- Lack of clarity in legal and liability issues
- Perception that some NGOs are poorly run.

Some of these factors can be overcome by provision of more detailed information for applicants and pre-placement support. There was a consensus that pre and post placement support would be important in successful outcomes. It was also generally recognised that there would be a need for some specific support and education on disability services and the major reforms that are taking place (if the Director had no prior background in this area).

Interestingly, publicity around the National Disability Insurance Scheme (NDIS) and the increased profile of disability was a significant factor in numerous people coming forward (both from a personal and professional development perspective) – they had been awakened to opportunities by publicity about the NDIS.

Remuneration didn’t emerge as a major factor but payment of expenses shouldn’t be ignored. Other factors (such as the way an NGO conducts Board meetings) could be more challenging and involve cultural change in the organisation if the placement is to be successful (and such factors should be canvassed in the process of matching individuals to particular Boards).

Overall the key point is that process and professionalism is important at all stages of Board recruitment, including for many the involvement of an independent adviser. If organisations are going to rejuvenate their Boards and/or meet the many strategic and governance challenges that they will face in the future, for many an enhanced approach to recruitment is required.

A number of Board member matching services (in part similar to the proposal canvassed within this project) are noted, some providing a portal for linking NGOs with skilled professionals who may wish to serve on a Board. However, these have generally been unsuccessful in establishing widespread acceptance within the market (according to organisations interviewed as a part of this project due to various factors including narrow focus, unrealistic expectations amongst users of the register, insufficient numbers of registered prospective Board members and lack of support for the match). A key missing ingredient is active management such as that which might be supplied by an external service. Aspiring new Directors saw independent, external guidance as a “welcome intermediary” providing a “more effective, positive force”. The Law Society noted a strong conviction from many to become Board members but “they just haven’t had a clear way”.

Conclusion

The feasibility study into NGO Board member recruitment has shown that high quality Directors can be recruited for the sector. There were successful outcomes for each of the three trial organisations with two new Directors appointed at each (all professionally qualified in key disciplines relevant to the expressed needs of the NGO).

Following placement, it will be critical that participating NGOs pursue a thorough induction to capitalise on the work done and facilitate effectiveness of the new Directors. Ideally, this would include some form of post-placement support from the consultant, however this is out of scope for the current project.

The study showed that a large pool of well qualified people can be successfully recruited from professional bodies and associations. This is especially significant when it has been shown that most new Directors within the sector are recruited from amongst known contacts.

The key to success in this project was developing a robust process based on a Board skills audit and then developing a detailed 'person description' to guide the search for Board candidates. External, independent intervention (from senior industry experts) was important to both the NGO and applicants, both in structuring the process and keeping it on track. This however has a cost, and despite the obvious benefits it is questionable whether many NGOs would be prepared to pay full cost (estimated to be around \$10,000 per Director, with most of the consultant time going into preparing the NGO and guiding and supporting applicants, rather than interviewing and selection which should remain the responsibility of the NGO). NDS and ADHC may wish to consider options that would increase the take up rate amongst NGOs, including for example cost sharing. This would lead to improved governance and more sustainable organisations within the sector.

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Attachment 1: Literature Review Search Criteria

- <descriptor> boards
- <descriptor> control
- <descriptor> governance

For <descriptor>, use:

- 'not for profit'
 - 'community'
 - 'non-government organisation'
 - 'third sector'
 - 'social profit'
 - 'charity'
 - 'voluntary'
 - 'stakeholder'
 - 'effective'
 - 'corporate'
 - 'good practice'
 - 'framework'
- Board <descriptor>
 - 'member characteristics'
 - 'profile'
 - 'structure'
 - 'skills'
 - 'recruitment'
 - 'member orientation'
 - 'member qualifications'
 - 'succession plan'

Repeat searches above substituting 'committee' for 'board'

- Volunteer <descriptor>
 - 'motivation'
 - 'recruitment'
 - 'ism'

Attachment 2: Professional Association Interviews

1. Do you believe your members would be interested in learning about opportunities to serve on a not-for-profit board?
2. Roughly what proportion of your members do you think already serve in some way?
3. What is your membership profile? Numbers by home postcode? Age; sex; qualifications; skills
4. How many of your members do you think would be likely to take up an opportunity to serve as a member of a not-for-profit board?
5. What factors do you think might motivate your members to serve on a not-for-profit board?
6. What factors might turn them off the idea?
7. Is there any chance that we could survey your membership to obtain their responses to some of the preceding questions?
8. Can you profile (characterise) those of your members you think would be most likely to register interest in becoming a member of a not-for-profit board?
9. What strategies/actions might encourage professionals to join an NGO board?
10. Are there any possibilities that we might collaborate with your organisation in making an approach to your members?
11. List ways this might happen
12. What other avenues or methods of recruitment can you think of?
13. Are there any organisations like yours that we should also be talking to?
14. If we were to place one of your members in a board position with a community organisation, what do you think their expectations might be?
15. What form of external post-placement support might assist to integrate a new board member quickly and enhance their effectiveness?

Attachment 3: NGO Interviews

1. How were members recruited to your Board?
2. Which avenues were most successful? What was difficult?
3. Have you been strategic about recruiting members from a range of different backgrounds/skill sets?
4. Have you identified ways to make the process more effective/efficient in the future?
5. How would you recruit a new Board member tomorrow if the need arose?
6. Would you use a professional board member recruitment service?
7. What factors might influence your decision to use an external service?
8. What would make you want to use one?
9. What reasons would stop you from using one?
10. Would you be prepared to pay for such a service? How much?
11. What types of incentives might be offered to organisations to substantially increase the strength of its Board?
12. Do you think there is a level of interest amongst NGOs?
13. What other factors might influence their usage?
14. What strategies and actions could we take to encourage participation?
15. What form of external post-placement support might assist to integrate new Board members quickly and enhance their effectiveness?
16. What else do you think might assist to enhance the effectiveness of a new Board member?
17. What do you think candidate expectations of a placement are, and how might an organisation ensure these are met?
18. Would you be interested in us recruiting a new board member for your organisation (at no charge) as a part of this trial?
19. What additional skills would you like on your board?

Attachment 4: Recruitment Toolkit

Board Member Recruitment Service

Feasibility Study

This document is intended to guide the way Nucleus will work with trial organisations in recruiting new Board members.

It contains a number of potentially useful resources and tools, but these are 'draft only' and may be adapted as a result of our experience with trial organisations.

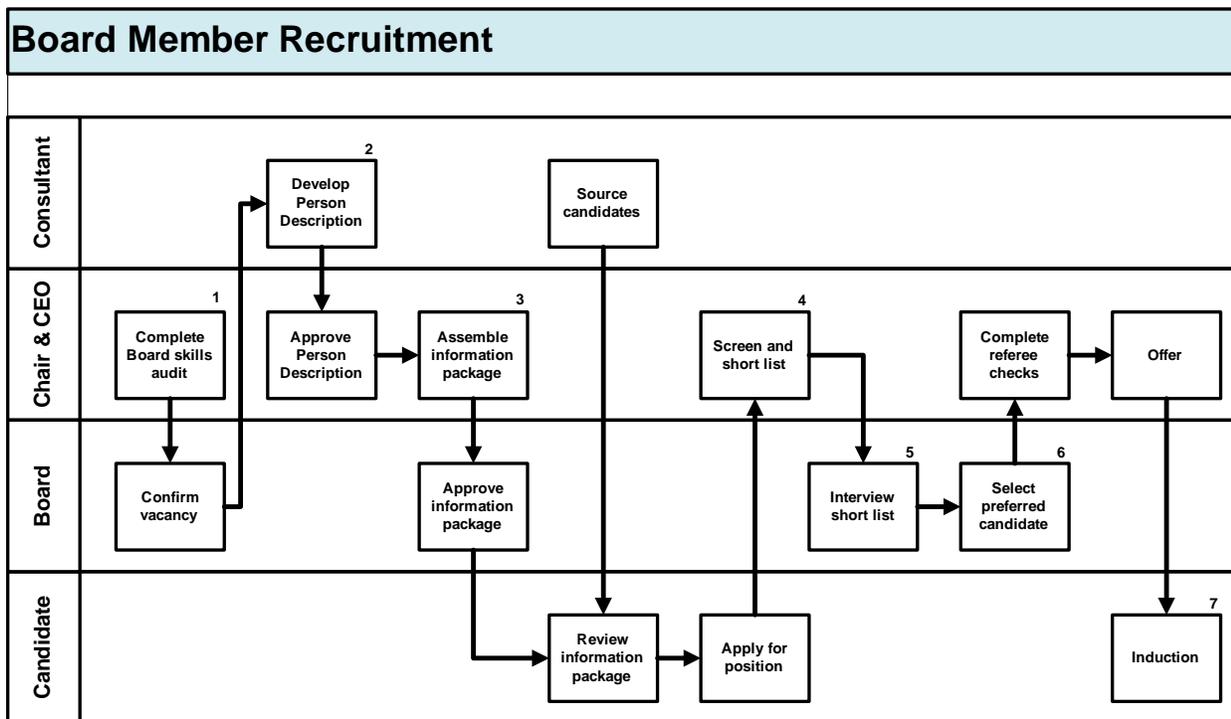
This document is not intended to prescribe a set process – some organisations will have their own recruitment tools or may prefer to tailor process to suit their circumstances. Nucleus will work flexibly with each trial organisation.

DRAFT ONLY

Introduction

This kit includes the following elements (as numbered in the process overview below):

- ❶ Board Skills Assessment (to determine if additional skills are required on the Board)
- ❷ Person Description (the key skills and qualifications sought in a new Board member)
- ❸ Information Package (to be sent to prospective applicants for a Board position)
- ❹ Screen and Short List (assessing information provided by the candidate against selection criteria)
- ❺ Interview Short List (to assess candidate potential)
- ❻ Select Preferred Candidate (how to make decisions in a structured and systematic way)
- ❼ Board Induction (how to ensure new Board members are up and running quickly).



Part ①

Board Skills Assessment

A strong Board has a good mix of skills (such as legal, financial, marketing) and competencies (such as timely and effective decision-making, commitment of members and ability to get work completed). Reviewing your Board's function can help achieve the right mix of skills and competencies by:

- Identifying areas where the Board is performing well
- Identifying areas where the Board needs to improve (this can include gaps in knowledge, skills or behaviours that limit the effective functioning of the Board)
- Helping to identify the best people when recruiting new members to the Board.

Resource 1.1

Who does your Board need?

The following checklist will assist to identify the skills and competencies you may require on your Board. Results will direct your search for new Board members.

Each Director should rate their competency against the key Board skills using a 0-3 scale (0=lowest and 3=highest). The final table is reviewed to identify skills missing from the Board as a whole:

Board Skills Assessment Matrix								
Key Board Skill	Chair	VP	Treas	Sec	1	2	3	4
CEO or enterprise leadership experience								
Industry/sector experience								
Governance/Board experience								
Financial/accounting/audit								
Advocacy/communications								
Fundraising								
Community relations								
Diversity (e.g., gender, culture balance)								
Geography (knows our local area)								
Government/public sector relations								
Human resources management								
IT/e-commerce								
Legal/regulatory								
Marketing and sales								
Stakeholder relations								
Risk and controls								
Operational/service delivery experience								
Project management								
Strategic planning								

Part ②

Person Description

The decision to recruit a new Board member should begin with an analysis of the position to be filled and types of skills and experiences sought.

A 'person description' is an extension of the traditional position description, appending elements specific to each individual search. Having clear search criteria makes it easier to recruit and ensures an appropriate match of the person to the position.

The Person Description also provides potential new Board members with a clear indication of the duties, accountabilities and outcomes expected of them; it can also form the base for later performance review.

Resource 2.1

Sample Board Member Person Description

[Organisation name and logo]	
Position	Board Member
Function	Assist to lead the organisation, optimise performance and ensure compliance with legal requirements Board members are not usually required to be involved in day-to-day operations but should be aware of the activities, services and programs the organisation runs
Term (optional?)	X years commencing on (date of AGM or date appointed by Board)
Date of Person Description	
Review	(to be reviewed every two years)

POSITION REQUIREMENTS
A time commitment of approximately [X] hours per month This includes attending Board meetings (held frequency and location) at (time), the annual AGM, relevant sub-committee meetings and commit to (e.g. social functions, travel requirements, personal contributions etc)
Knowledge and skills in one or more areas of governance: policy, programs, finance and/or HR
Willingness to serve on at least one sub-committee and participate actively in its work
High level of commitment to the work of [organisation]
Willingness to invest in developing his/her own governance skills
Be informed of the services/projects undertaken by [organisation] and support them publicly
Prepare for and participate in the discussions and the deliberations of the Board
Be aware of and abstain from any conflict of interest

POSITION RESPONSIBILITIES	
Planning	<ul style="list-style-type: none"> Participate in establishing and reviewing [organisation] mission and values Participate in the strategic planning process Participate in establishing and reviewing organisational policies Review and approve the organisation's budget annually
Organisational	<ul style="list-style-type: none"> Participate in Board succession including recruitment/induction of new members Participate in Board performance review
Operations	<ul style="list-style-type: none"> Monitor performance against policies and strategic plan Provide candid and constructive criticism, advice and comments Participate in major decisions such as program changes and capital expenditure
Finance	<ul style="list-style-type: none"> Monitor financial performance Ensure that published reports properly reflect the operating results and financial condition of the organisation Review compliance with relevant legal requirements Ensure appropriate risk assessment and management procedures are in place
Advocacy and marketing	<ul style="list-style-type: none"> Promote the organisation's interests actively within the broader community Represent the organisation to key agencies and sectors such as government, funding bodies, the community sector and the media

ACADEMIC QUALIFICATIONS	
Essential	Desirable
Tertiary qualification in any behavioural science	

EXPERIENCE	
Essential	Desirable
Management accountant in large organisation	

PERSONAL QUALITIES AND BEHAVIOURAL TRAITS	
Essential	Desirable
Written and verbal communication skills	

Board member Person Descriptions can go a long way to minimise risks, conflicts and uncertainty for the Board as a whole and for each member. If a Board member has a Board-approved Person Description, they have a clearer understanding of their role and responsibilities, more accountability to the position and generally are more comfortable knowing their expected contribution to the Board.

Part ③

Information Package

Anyone interested in a position with your organisation should be provided with an information package (as soon as possible after their enquiry). A well-crafted information package can make the whole exercise much more efficient and leads to better quality placements.

The information package should contain:

- ☑ What your organisation is all about, what it does, why it exists (this may include an annual report and copy of the strategic plan)
- ☑ What the position of Board member entails (this should include the Person Description and may include an annual program of Board meetings, Board training opportunities, Board code of conduct and any key governance policies)
- ☑ An overview of the recruitment process including a statement on how the decision to accept a candidate to the Board will be made
- ☑ A cover letter from the Chair, thanking the person for their interest and providing application requirements, key deadlines and a confidential telephone number for further information or discussion.

Overall, the information package should be a succinct and easy to read outline on what it means to be a Board member of your organisation. Makes sure it's clearly structured (not just a bundle of papers). Ensure that the cover letter highlights how rewarding it is to oversee an organisation that is making big differences in people's lives.

Applicants should be asked to provide the following documents:

- Cover letter
- Curriculum vitae
- Any other supporting documents e.g. transcript, list of publications.

The Person Description contains selection criteria, however applicants should not be asked to address selection criteria directly in their application. For very senior positions, this is considered tedious and may deter some highly skilled candidates from applying.

Similarly, while the decision-making process will require referee information at some stage, many candidates prefer not to provide referees unless they have been shortlisted.

All contact that potential candidates have with your organisation contributes to their views about the organisation. Response to enquiries should always be prompt. Some of the best candidates will only want to discuss their interest with the Chair (or a recruitment consultant), so appropriate arrangements should be in place to ensure calls are returned as soon as practicable (and people are informed if the process is delayed).

Resource 3.1

Sample Board Code of Conduct

The Board should ensure and actively promote ethical behaviour and decision-making as set out in this Code of Conduct. Board members are expected to act with integrity to ensure that the reputation of (organisation name) is managed, protected and enhanced.

Directors are required to meet the following legal obligations:

- Act in good faith and for a proper purpose
- Exercise due care and diligence
- Ensure the organisation does not continue to carry on business if insolvent
- Meet all other requirements of applicable federal and state laws relevant to the structure and operations of the organisation.

Directors are expected to act honestly and in the best interests of the members as a whole and not to represent individual constituents.

Directors are expected to disclose actual/potential conflicts of interest.

Directors are expected to behave responsibly particularly regarding confidential information.

Directors are expected to review Board papers before Board meetings and acquaint themselves with the issues confronting the Board.

Directors are expected to contribute to a positive Board behaviour and culture by showing respect for other Board member's opinions and allowing each member a fair and equal opportunity to contribute to discussion and decision-making.

The Board recognises the importance and value of Board diversity. The Board and its members are expected to promote and encourage equity and inclusiveness throughout the organisation and consider age, gender, cultural background and people with a disability in decision-making.

Part ④

Screen and Short List

Boards require established screening processes in order to ensure the best match can be obtained. Shortlisting is conducted to determine which applicants should proceed to the next stage of the selection process. Shortlisting is done by assessing the information provided by the candidate against the essential criteria in the Person Description.

Shortlisting may be conducted by a sub-group of the Board or selection panel and generally will involve the Chair and the CEO (although the participation of the CEO is at the discretion of the Board). If participants believe that none of the applicants should be shortlisted, the person description should be reviewed and the market tested again. Applicants should not be shortlisted for the sake of it.

People involved in shortlisting should be provided with all applications including any supporting documents, the Board member Person Description and a selection grid (see resource over the page).

Applicants who prima facie meet all of the essential criteria should be shortlisted. If a large pool of applicants meets the selection criteria, the panel will decide upon strategies to shortlist a reasonable number of applicants to interview based on the degree to which the applicants meet the criteria and the weighting of each criterion.

It is appropriate to make reasonable adjustments to the selection process to accommodate candidates who have a disability.

Applicants who have not been shortlisted should be notified as soon as possible.

Resource 4.1

Sample Short Listing Record

NOTE: ESSENTIAL AND DESIRABLE CRITERIA SHOULD BE TRANSFERRED TO THIS FORM FROM THE PERSON SPECIFICATION

Applicants	Meets Essential Criteria (✓ or x)				Meets Desirable Criteria (✓ or x)				Notes	Interview (Yes/No)
	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 1	Criterion 2	Criterion 3	Criterion 4		
Candidate 1										
Candidate 2										
Candidate 3										
Candidate 4										
Candidate 5										
Candidate 6										

Part 5

Interview Short List

The interview is a two-way communication between panel members and the candidate. It allows the panel to assess the candidate's potential and enables the candidate to assess the proposed position and environment.

Wherever possible, shortlisted candidates should attend an interview in person. Where this is not possible the selection panel may agree to an alternative, such as telephone interview or videoconference (although this is not optimal).

Each interview should allow sufficient time, be kept similar in structure and ensure the same core questions are asked of each candidate. However, this should not prevent the panel from exploring particular areas of the candidate's experience in relation to the key selection criteria.

Interview questions should be developed, approved by the Chair and forwarded to panel members prior to interviews. Questions should relate to the essential criteria listed in the Person Description.

If you have a large number of candidates to choose from, or are having trouble separating the top one or two, then a second interview may be useful (although this will add to the selection timeframe).

At the start of an interview candidates should be:

- Introduced to the panel members
- Explained the structure of the interview
- Advised they are able to clarify any question at any time.

Before concluding the interview, the candidate should be provided with the opportunity to ask questions to clarify any issue relating to the position or terms and conditions. The panel should advise on the timeline for decision-making and notification of outcome.

Resource 5.1

Do's and Don'ts of Interviewing

DO
▪ Use the introduction period to relax the candidate to gain the most from the interview
▪ Ask competency-based questions to candidates
▪ Be consistent when asking questions. Ask the same core questions of all candidates
▪ Follow-up with probing questions to determine actual behaviour/performance outcomes
▪ Spend more time on analysing recent events rather than earlier experiences
▪ Phrase questions positively rather than negatively
▪ Take notes
▪ Promote the organisation to the candidate where appropriate
▪ Have a second interview to get more information from the candidate, if required
▪ Seek information from the candidate relevant to the essential criteria of the Person Description
▪ Ask for specific examples to find out the actual skills and experiences of the candidate

DON'T
▪ Keep the candidate waiting
▪ Ask long, complex questions
▪ Ask direct or closed questions when you require more information than yes or no
▪ Ask leading questions (you will only get the answer the candidate thinks you want)
▪ Ask questions already answered in the CV or application (unless verifying information)
▪ Express value judgements or personal opinions in questions or observations
▪ Ask discriminatory questions about age, pregnancy, family responsibilities, sexuality, race, disability, political or religious belief
▪ Be affected by bias, stereotypes, or prior involvement with the candidate
▪ Talk too much - the candidate should do most of the talking to confirm their qualities and attributes
▪ Make decisions too quickly

Resource 5.2

Question Bank

Refer to the Person Description and list the essential competencies you are looking for. Select questions from the bank below (or construct your own) to test whether the candidate has the relevant competencies



Aspirations

- Can you describe the most enjoyable role you have ever had and why?
- Could you please describe an ideal role for yourself?
- What are your short and long term career plans?
- Why did you apply for this role?
- What do you see as your role on a board?

Technical Skills/Knowledge

- How have you developed your [technical] skills?
- How do you stay current in your area of expertise?
- What have you done in the last year to improve your knowledge?

Accountability/Results

- In your career, what has been your biggest success?
- What would you say your strongest point was?
- How do you improve the quality of your results?
- What kinds of problems have people recently called on you to solve? Tell me how you solved them?

Handling Conflict

- What has been the most difficult situation you have had to deal with at work?
- How do you think you handled the situation and, given the opportunity, would you do anything differently?

Decision Making

- Tell me of a difficult decision you have had to make quickly in recent times.
- How do you normally make decisions in the workplace? Give an example.

Leadership

- Can you describe a time where you've noticed a way something could be done better and worked to implement the change? How did you get people on board?
- Tell me about your leadership contributions?
- Give me an example of a team performance issue that you resolved?
- Have you ever had to terminate an employee? How did you feel about it?
- Describe your management style?

Team Work

- Tell me how you increased teamwork in a previous group you worked with?
- Tell me about the best team that you have worked in and why it stands out?
- Tell me about a situation where you had to rely on others to achieve your outcomes. How did it make you feel?

Qualities

- Can you describe your strengths to me (character and professional)

Industry Awareness

- What experiences have you had working with people of different ethnicities or abilities?
- What do you believe are the biggest influences in the disability sector at the moment?

Part 6

Select Preferred Candidate

Decision-making is most effective when the collection of candidate information is structured and systematic and carefully evaluated against predetermined criteria (as detailed in the Person Description). A decision-making matrix that can be used by members of a selection panel is attached.

All members of the selection panel have equal rights in participation and discussion. The panel should aim for a unanimous decision, however, if this is not possible, a consensus should be reached. Steps towards consensus include:

- ☑ Each panel member should complete the assessment independently (after each interview) and then place the candidates in order of merit
- ☑ Each panel member in turn then explains their decision to the rest of the panel (citing evidence where appropriate)
- ☑ Differences of opinion should be used for a more thorough consideration of all information.

Panel members should express their own opinions and not change their minds just to avoid conflict and to reach agreement; reasons for the disagreement should be thoroughly discussed. If a panel is unable to reach a consensus, additional information should be discussed to assist in reaching a decision. This should include an additional interview or meeting with the Chair for particular candidates and if a consensus decision is still unable to be reached, the Chair should make the final determination.

The Chair should advise candidates of the outcome as soon as possible. Unsuccessful candidates should be provided with the opportunity for feedback. Feedback should be provided in verbal format only, by the Chair or CEO giving attention to:

- Specific reasons for the decision, having reference to the selection criteria
- Providing examples of where the panel saw experience or skills gaps
- Guarantee of maintenance of confidentiality
- Providing constructive information that may advantage the candidate next time.

If the candidate is the second preferred candidate then it is appropriate to tell them so. Any candidates deemed appointable but ranked second should not be told they are unsuccessful until such time as the successful candidate has accepted.

References are a critical component of the recruitment process and it is important to undertake a thorough checking of the preferred candidate. Reference checking should be conducted by the Chair. It is wise to critically appraise and **validate any written or verbal** referee statements as referee reports can have limitations.

Resource 6.1

Decision Making Matrix

Note: The Chair should collate the scores from each member of the selection panel

Candidate Name:

Interviewer:

Date of Interview:

Key Selection Criteria (KSC)	KSC #	Score*	Weighting	Total
KSC description	1			
KSC description	2			
KSC description	3			
KSC description	4			
KSC description	5			
KSC description	6			
KSC description	7			
KSC description	8			
KSC description	9			
KSC description	10			
Total				

*Score 0 = does not satisfy; 1 = partially satisfies; 2 = fully satisfies

Resource 6.1

Referee Report

Your questions should relate to the essential criteria in the Person Description

Name of Candidate:

Referee Name	Relationship to Applicant	Comments	Points to follow up

Part 7

Induction

Welcoming new Board members, informing them of their roles and responsibilities and providing them with information to enable them to effectively carry out their role is essential. The checklist below can help to make sure new Board members quickly feel part of your organisation and facilitate them in using utilise their skills to maximum benefit.

Resource 7.1

Inducting new Board members

Task	Action	✓
Board Manual	Develop a Board manual which contains: <ul style="list-style-type: none"> ▪ Current Board member profiles and contact details ▪ Board Charter including information about the Board and Board members' roles and responsibilities and Code of Conduct ▪ Structure of the Board and purpose of Board committees ▪ Mission, vision and values of the organisation ▪ Constitution/Model Rules, By-laws, current year-to-date budget, relevant sponsorship and funding agreements and annual report ▪ Strategic plan and how it is updated and monitored ▪ State of the industry and the major issues facing it ▪ Organisational chart, role of executive staff and their contact details ▪ Programs and services offered by the organisation ▪ Meeting schedule and event calendar ▪ Key policies including Conflict of Interest and Confidentiality 	
Introductions	As soon as possible after the Board has confirmed the appointment of a new member the Chair should: <ul style="list-style-type: none"> ▪ Introduce the new member to other members of the Board ▪ Provide a copy of the Board Manual ▪ Nominate a member of the Board to act as mentor to the new member 	
Briefing	The mentor should: <ul style="list-style-type: none"> ▪ Affirm the importance of the roles and responsibilities of the Board and the expectations of them as an individual ▪ Brief the new member on current issues ▪ Discuss important decisions and outcomes of recent Board meetings ▪ Inform of any future planned initiatives ▪ Outline the Board performance and evaluation process ▪ Discuss any questions/concerns the new director may have 	
Tour	The CEO to: <ul style="list-style-type: none"> ▪ Host a tour of the organisation and introduce the new Director to staff ▪ Show location and any rules of use for: Board meeting room, car parking, kitchen, toilets, office equipment, access codes etc 	
Feedback	The new member to provide feedback on the induction process to the Chair so that the process can be improved in the future	