



The latest news of Greenpeace getting struck off the charities register is a timely reminder of making sure there is crystal clear focus of an NFP, with regards to its cause and value it provides to the community at large. This comes from the 'top', driven by the Board and expressed by good governance.

-NZARC trustees

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How effective is your Board?

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The days when Boards were a cosy space are gone. Boards are often a target for blame and good governance is not an optional extra!

As confirmed in the latest Chartered Secretary, making the right choices comes from being able to attract suitably qualified and committed individuals to direct a NFP organisation. It is just as important in the NFP sector as we see exhibited in corporate decision making. Every governing Board or committee needs to contain a good balance of industry or sector experience, as well as suitably qualified individuals, who are able to work effectively as a team.

Although it may seem obvious, start by reviewing current Board members to see what skills and experience is collectively available right now. Then gain agreement from current Board members about what is important to move the organisation forward. Once there is an agreed list of skills and experience, identify and screen promising talent before approaching them.

One way to do this is to also look to current or potential members of your organisation – there may be someone who you think may be an ideal candidate for the future. This then gives you the opportunity to plan for future requirements. This approach encourages younger Board contributors and more diversity with regards to male and female representation. The opportunity is potential new ideas and enthusiasm which is often lacking in long-serving executive members.

The selection process should closely follow that adopted in personnel recruitment at senior level in for-profit companies. This involves

briefing the prospect on all aspects of the association or trust and making sure they realise what they are committing to before inviting them to join the Board. Of course the final requirement is the paper work - the newly elected or appointed member will require a document supporting their induction.

The right choice of 'chair' is even more important. Familiarity with meeting procedure and the ability to chair with impartiality and firmness are essential qualities. A good public image and interpersonal skills are other qualities to look for.

NZARC is able to provide advice and guidance in this regard, as well as providing half-day interactive training sessions on Building Effective Boards. These seminars cover topics such as:

- the variety and types of Board room roles,
- the crucial role of the chair
- Board support
- the role of the secretary or executive trustee
- Board or committee composition and evaluation,
- Board or committee decision taking
- role of committees.

How to attract well-skilled Board members

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Following on from an article we published earlier, it is a given that most Board members serve for the purpose of supporting a cause they feel connected with, or passionately about. There are presently no restrictions on paying elected office bearers of incorporated societies honoraria or director's fees. On the other hand, charity trustees are precluded from being paid for their Board services

However, there are exceptions and they apply where a trustee is a qualified practitioner, who can provide services which are essential to the trust and under normal circumstances would have to be bought in from outside the organisation. There is a way for a suitably qualified board member to be rewarded for their efforts and time commitment to the NFP organisation. This could overcome the scenario whereby many skilled professionals run scared of pro bono work and for that reason are reluctant to volunteer their services.

This goes part of the way to overcoming the resistance in attracting the right combination of expertise around the boardroom table. Enabling them to accept paid assignments and donating the cost of their services back to the charitable trusts is a legitimate device.

Affordability is a constant worry for associations and charities and there is ample evidence of the wrong decisions being taken in the absence of competent advice. For more information about this please contact Rosemary Mahoney 09 419 0042

Is it the silver bullet - Officers' Potential Liability?

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The general assumption that officers and trustees of NFPs enjoy blanket limited liability is not true in all cases.



An incorporated society or charitable trust is exposed to the effects of changing market forces, internal issues or the inability of its elected or appointed officers to direct the organisation in a sustainable manner. 'Not for profit' does not mean 'for loss'. It is the duty of the Board or governing committee to observe normal business practices – remaining solvent and achieving financial gain.

Committee members of incorporated societies (associations) and charity trustees can be personally liable in certain situations. This can occur if, while under their governance, the organisation were to go into liquidation resulting in financial losses. This would be the case if they failed to keep proper financial records or if executive staff working under the Board's direction were delinquent or negligent.

If it is proven the Board or committee failed in their responsibility of care and due diligence (acts of breach of trust and fiduciary responsibility, resulting in the winding-up of the entity's affairs at the instigation of the Registrar), they are exposed to that organisation's members or creditors seeking recovery.

This places greater emphasis on individual competence and good governance.

Greenpeace struck off Charities Register

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**STOP
PRESS**

As reported 9 May 2011, the High Court has ruled Environmental lobbyist Greenpeace of New Zealand Inc. is too involved in political causes to register as a charity.

It highlights the distinction between a cause being 'worthy' or deemed 'charitable'. Another mitigating factor was that Greenpeace's charitable purposes weren't deemed to be its primary purpose, being overtaken by political activities that weren't "merely ancillary". Justice Heath said the charitable purposes of Greenpeace could be met without resorting to political activity to advance its causes.

This highlights the need of a charitable organisation to be clear about its objectives and what activities are deemed to be acceptable if it wishes to continue with charitable status.

If you have any concerns about whether your NFP is on the right track, please contact Rosemary Mahoney in the first instance 09 419 0042

Helping non-profits succeed through effective marketing

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Check out the latest news from the New Zealand Federation of Voluntary Welfare Organisation. Recently published, it contains a great article by non-profit marketing expert, Nancy Schwartz – some of you were fortunate enough to see her in action at our recent Marketing byAssociation conference.

As Nancy says, standing out from the crowd, especially in this climate is critical. It's all about:

- Action and traction
- Plan to connect via cohesive communications
- Be authentic
- Be relevant

Also featured in new dialogue is reputation wizard Hannah Samuels, our MC at the same event. Hannah also highlights the importance of relevance - and connecting with your audience in a way that adds value, delivering upon your promises.

[Check out the entire newsletter here](#)

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