

Australian
Institute of
**Company
Directors**

NFP Governance and Performance Study Breakfast: Key Findings from the 10th edition

In Partnership with



Thursday 8 August 2019

What's coming up

9 Sept | Leaders' Lunch - Future Focus with
Phil Ruthven

19 Sept | Directors' Roundtable:CDU Discussion Group

24-25 Sept | Company Directors Course Update

26 Sept | Governing to Protect Vulnerable People

22 Oct | Essential Director Update (members only)

2-6 Dec | Company Directors Course

NFP Governance Development Program

Australian
Institute of
**Company
Directors**

29-31 Oct | Foundations of Directorships for
Indigenous Organisations (Alice Springs)

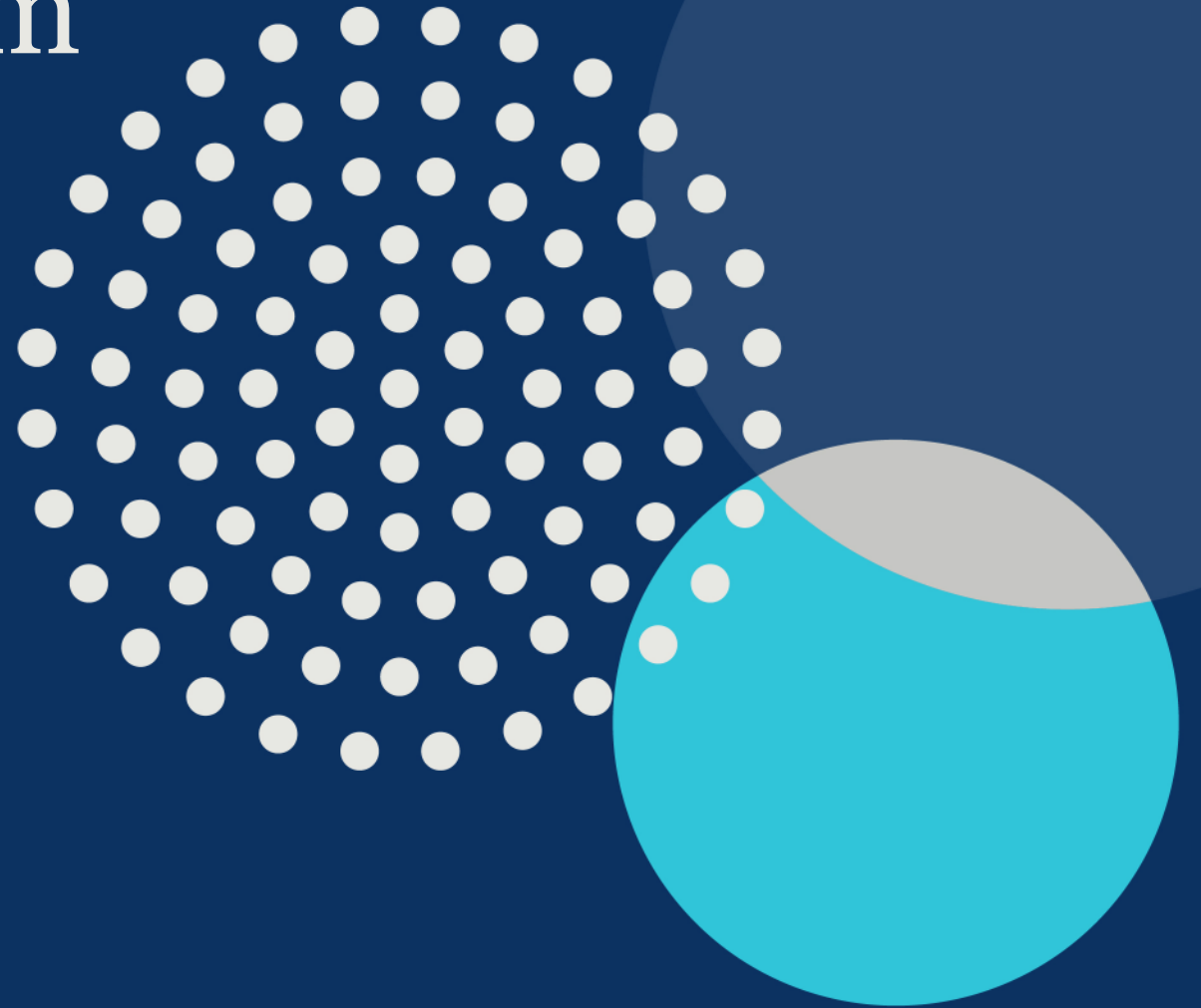
14-15 Nov | Governance Foundations for NFP
Directors

2-6 Dec | Company Directors Course

3-5 Dec | Foundations of Directorships for
Indigenous Organisations (Darwin)

Jan-Jun 19 | Governance Foundations for NFP
Directors – Katherine and Tennant Creek

27 Apr-1 May 19 | Company Directors Course



NFP Governance and Performance Study 2019

Key findings from the 10th edition



Study Partner



The survey

- 1 460 online respondents
- 6 Focus groups held in Sydney, Melbourne, Perth and Bendigo
- 32 percent from organisations over \$20 million turnover in 2019
- 7 key findings

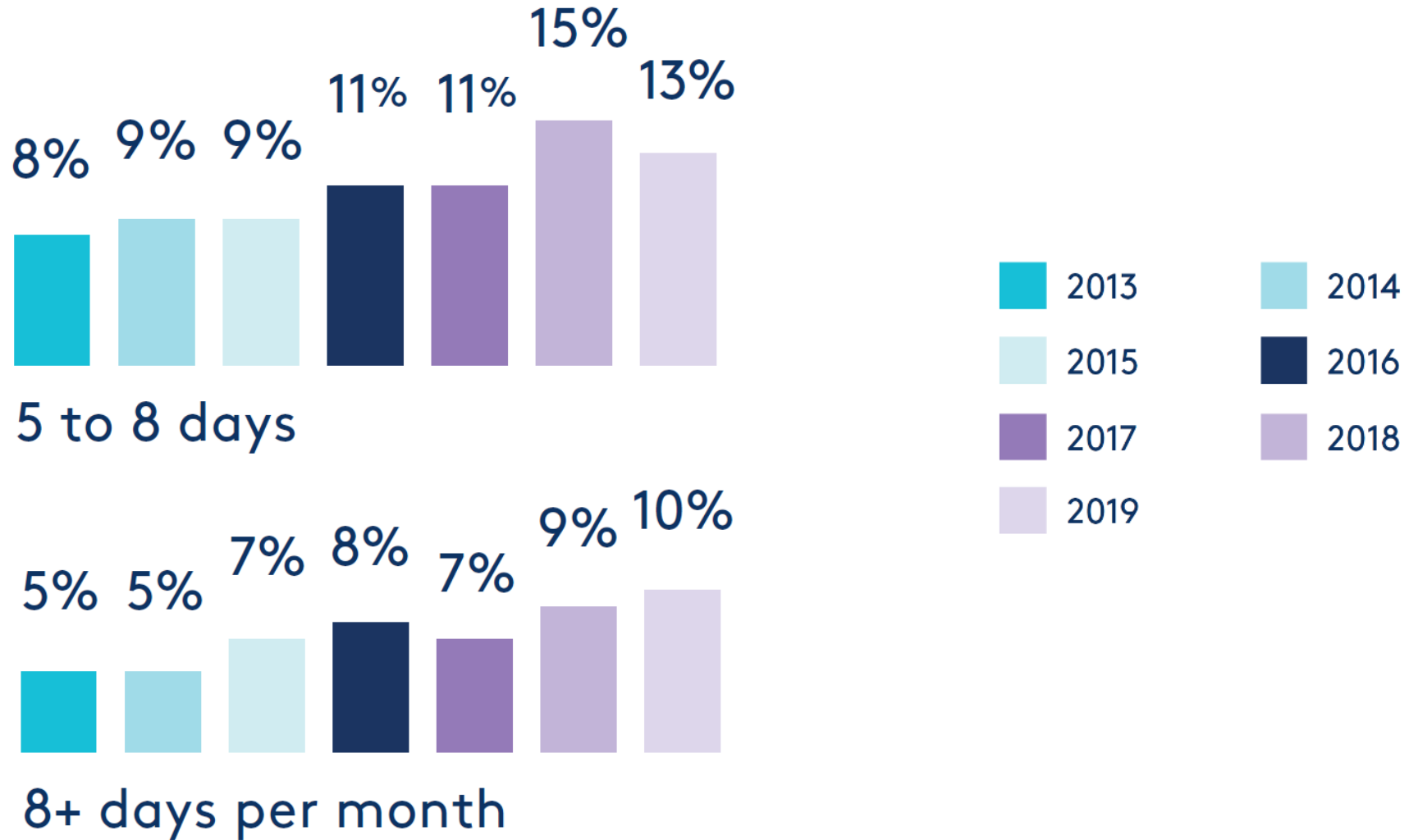
Key Finding 1

NFP director time commitment increasing – it is sustainable?

"The responsibilities of NFP directors are increasing and we need more of their time (which may be) beyond reasonable volunteer expectations."

- AICD NFP Governance Performance Study 2019

Figure 1.1: Time spent working for a single NFP board



Talking points for boards

- How much time do our directors spend on their role?
- Are rising workloads affecting our board's performance?
- Are rising workloads impacting on our board's succession planning?
- Could we utilise technology better to reduce the workload of directors?

Key Finding 2

**Board composition and director recruitment
are ongoing challenges**

*“The board monitors its profile closely and has developed a
skill culture mix to verify its diversity”*

- AICD NFP Governance Performance Study 2019



38%

11 or more years of
non-executive Director
experience in NFP
governance



36%

Four to 10 years
of experience



17%

AICD Fellows¹.

Talking points for boards

- Is gender, age or cultural diversity an issue on our board?
- Do we have a strategy for director diversity?
- Do we have a succession plan in place for board renewal as some older directors retire?
- What could we do to appeal more to younger directors?

Key Finding 3

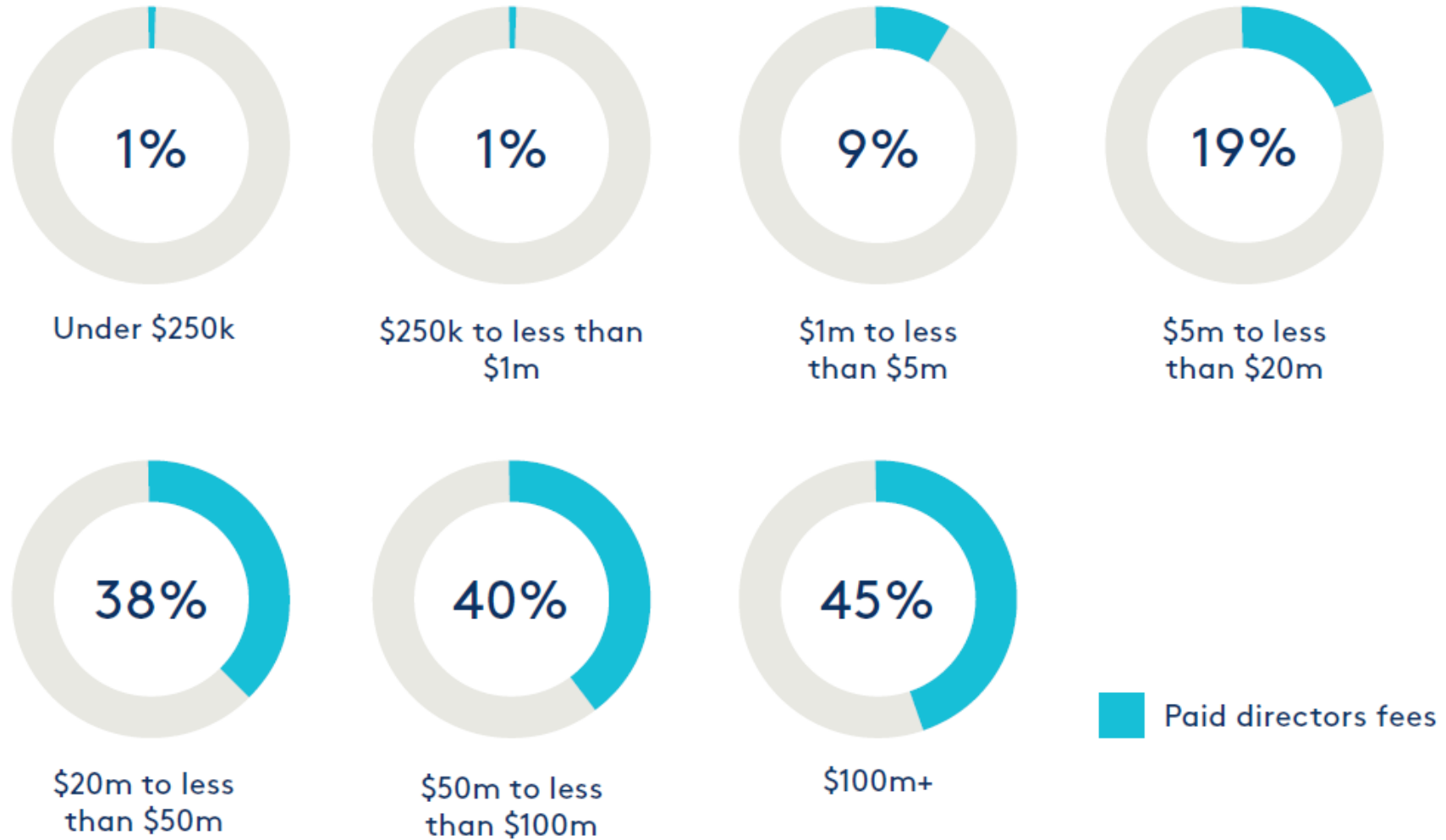
Director remuneration – where is it heading?

“The introduction of a moderate director remuneration scheme has attracted a major improvement in both the quality and commitment of appointed directors”

- AICD NFP Governance Performance Study 2019

Figure 3.2: Payment of Directors by size of NFP

(n = 1,007)



Talking points for boards

- Would director remuneration improve commitment and performance of our board?
- Would director remuneration assist in succession planning?
- Could the introduction of board fees be at odds with our organisation values?
- What impact would the introduction of fees have on organisation resources?

Key Finding 4

Organisational performance – NFP’s are effective, but remain financially challenged

“We have a clear and realistic strategy for how we will achieve our mission and fund it”

- AICD NFP Governance Performance Study 2019

Figure 4.1: How effective is your organisation in achieving its mission or purpose?

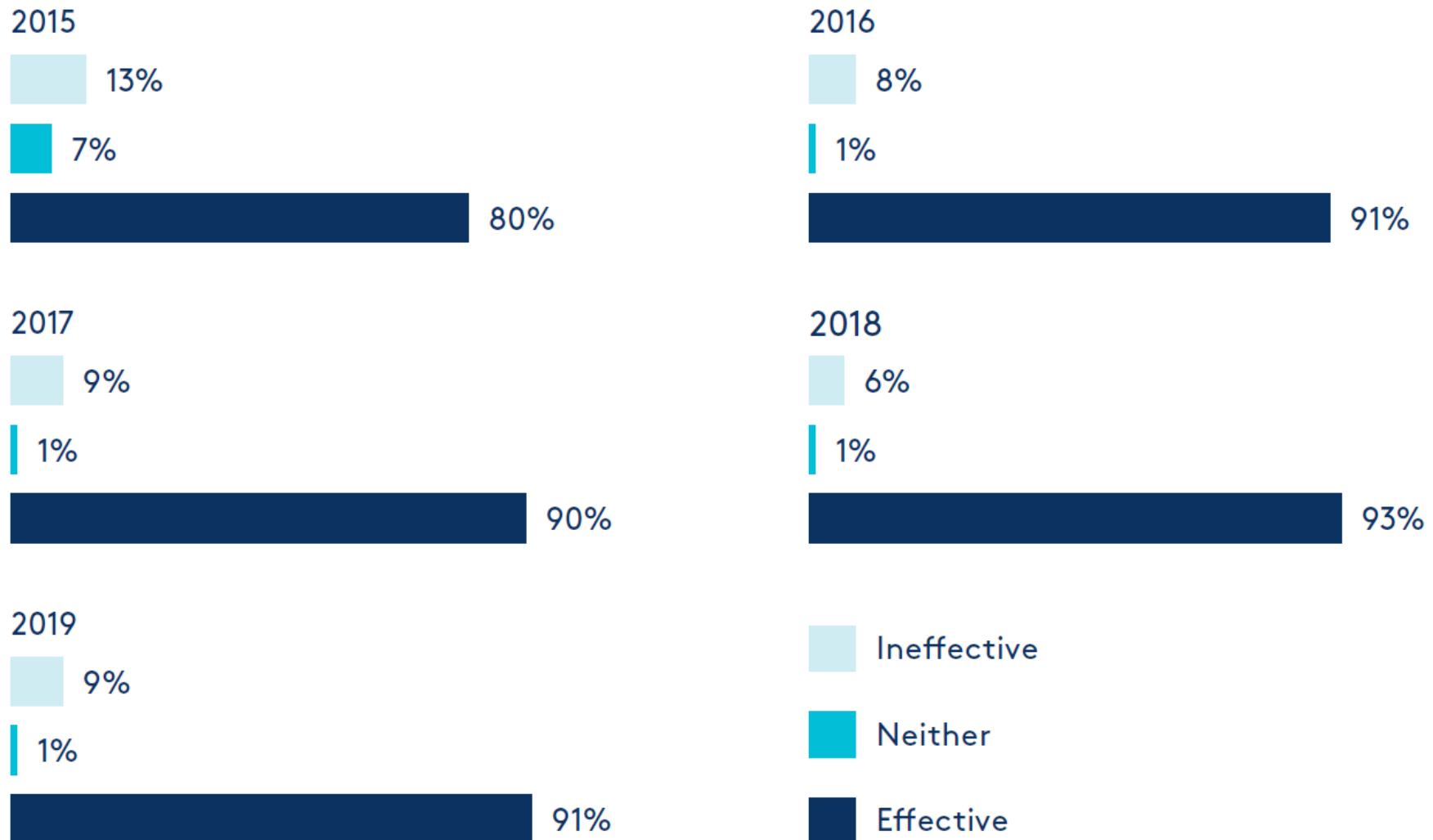
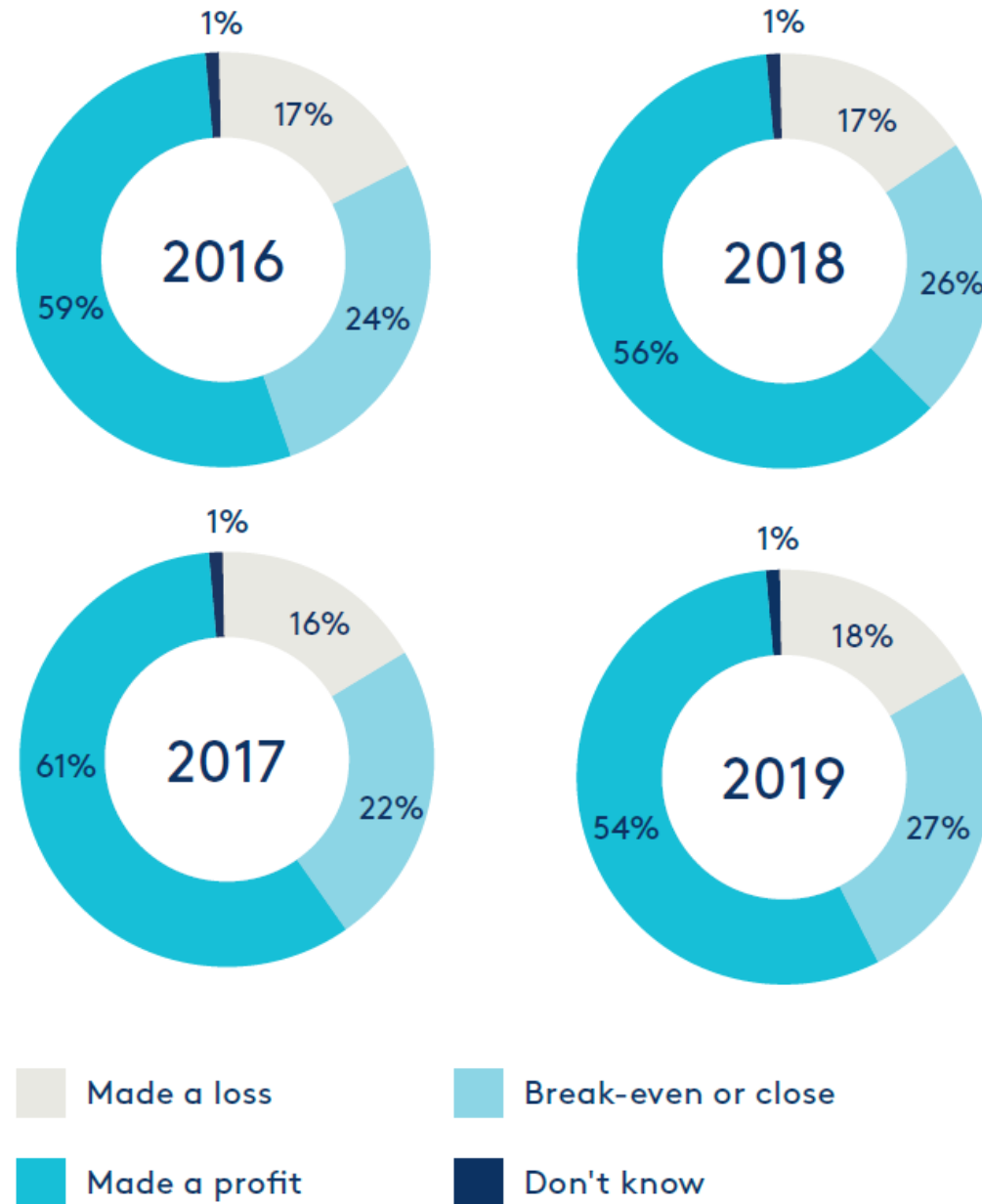


Figure 4.4: Average financial performance over three years



Talking points for boards

- Do we have clear metrics to assess overall performance?
- Are we comfortable with these metrics?
- Do our directors fully understand the actual financial performance of the organisation and the main drivers of performance?
- Is there a risk that we are unrealistically optimistic about the organisation's future and underestimating its potential challenges?

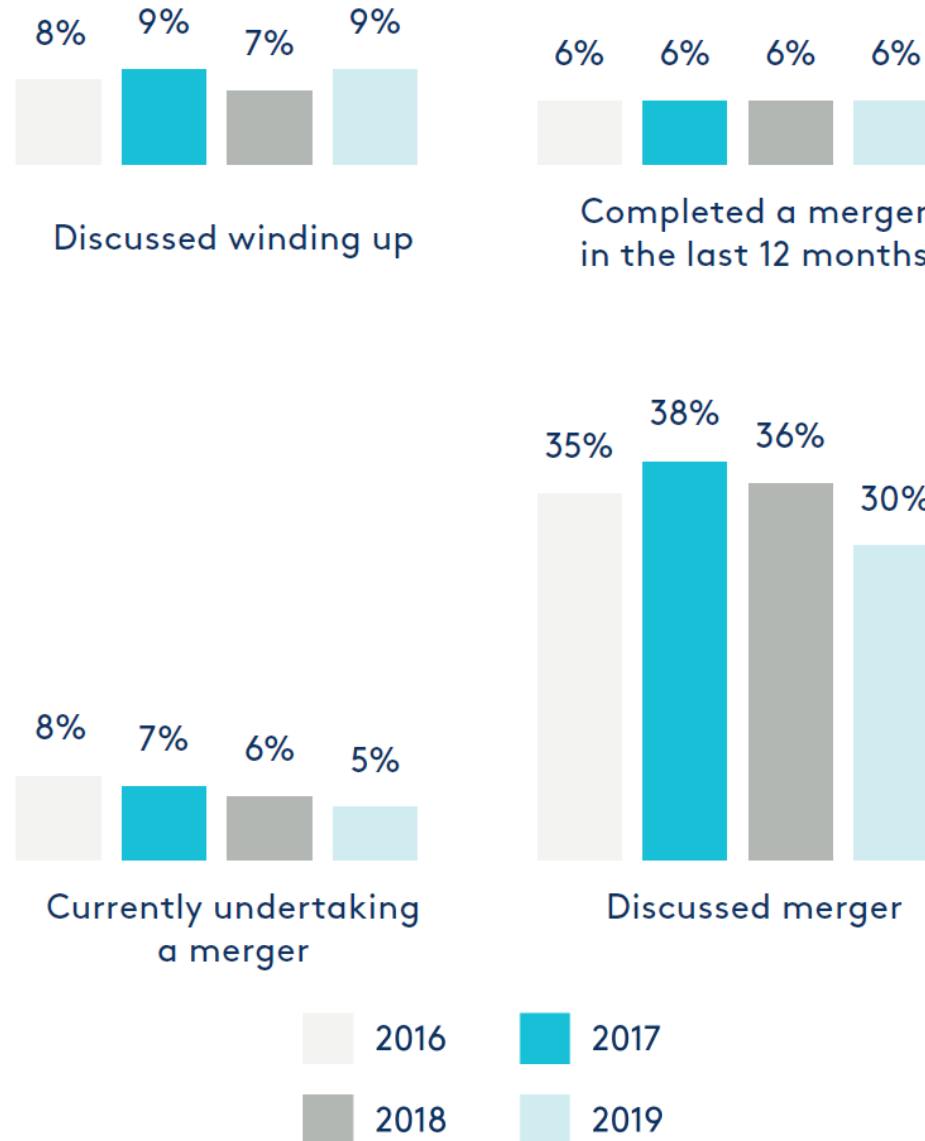
Key Finding 5

**Not-for-Profit mergers appear to be slowing
– will this continue?**

“We operate in a crowded sector, so it makes sense to collaborate or merger to avoid duplication”

-AICD NFP Governance Performance Study 2019

Figure 5.1: Rates of mergers and winding up⁶



Talking points for boards

- Would a merger allow us to fulfil our mission more effectively?
- What would be the key risks of any sudden merger?
- How would the NFPs various stakeholders view a merger?
- Do we have the appropriate skills and experience for mergers?

Key Finding 6

Board performance is rated highly, but directors see strategic planning and implementation as areas for improvement

“We are working on a new corporate plan and major restructure. The results will show in 3 years if we stick to the strategy”

-AICD NFP Governance Performance Study 2019

Figure 6.1: How Directors rate their Board's performance

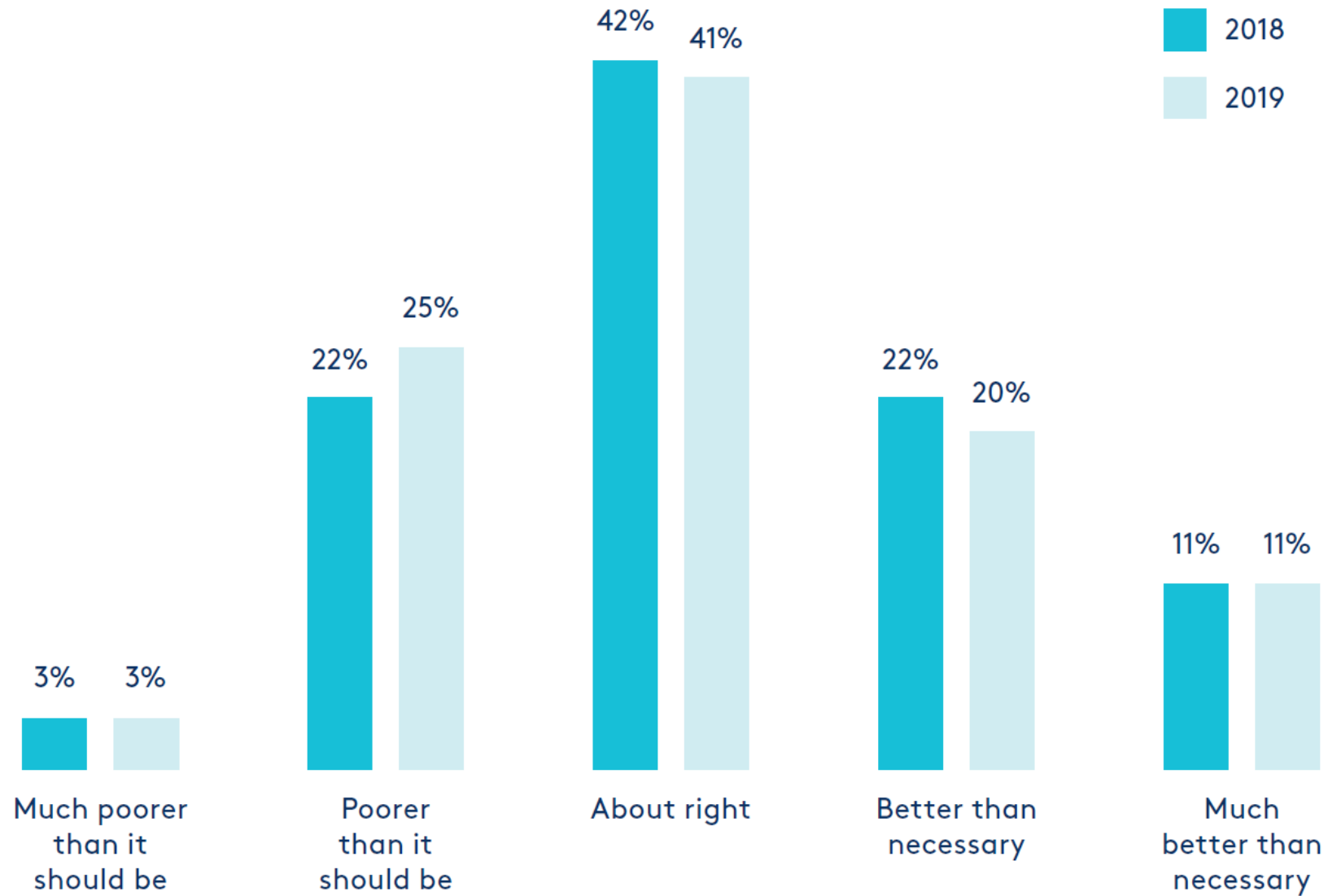
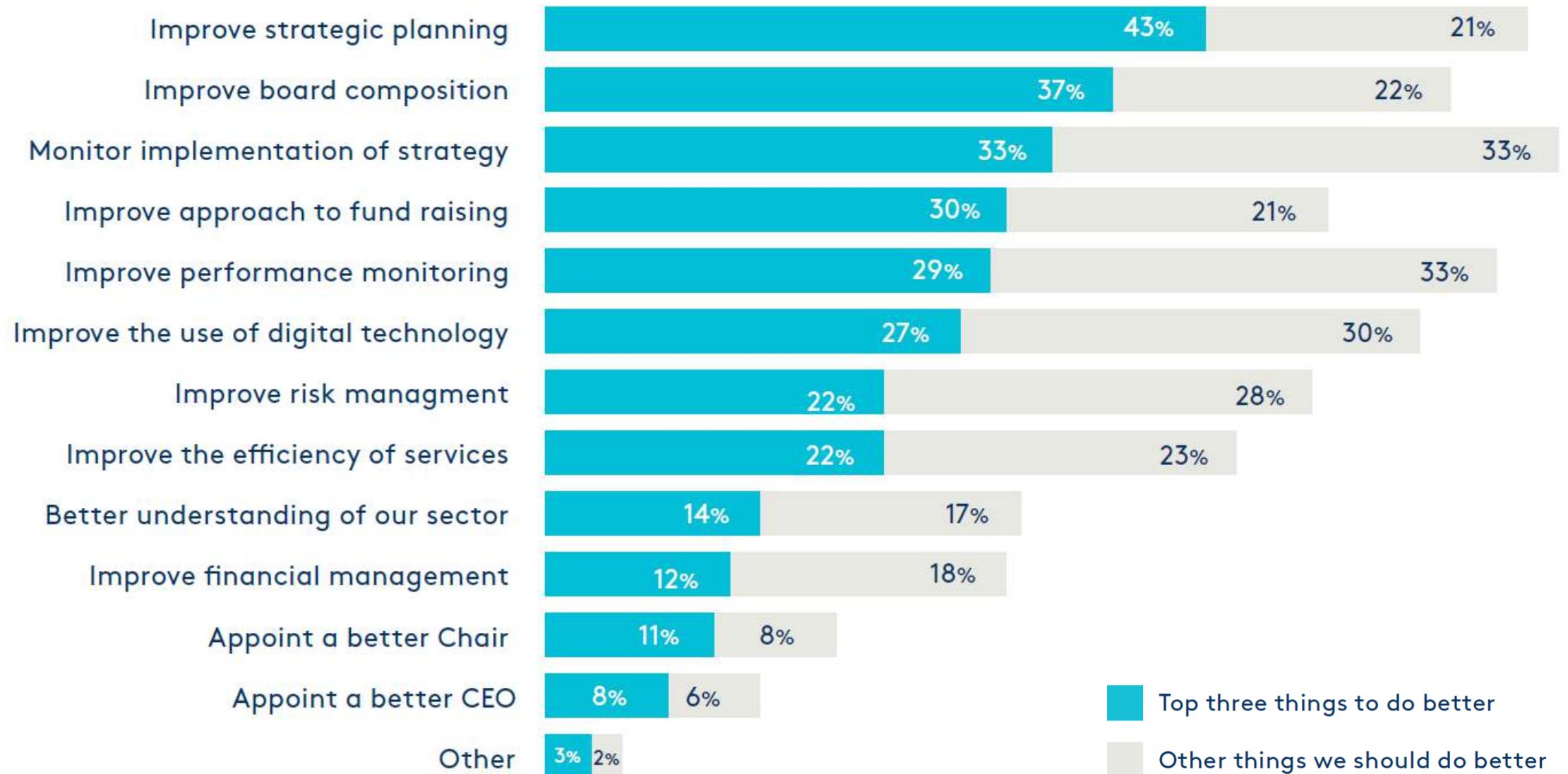


Figure 6.2: What actions can this board take to improve organisational performance?



Talking points for boards

- Do we conduct a regular review of our performance?
- Is our board focusing on the important issues?
- Are we focused on the key priorities for the next twelve months?
- Do we have alignment between the board and key stakeholders on strategy and priorities?

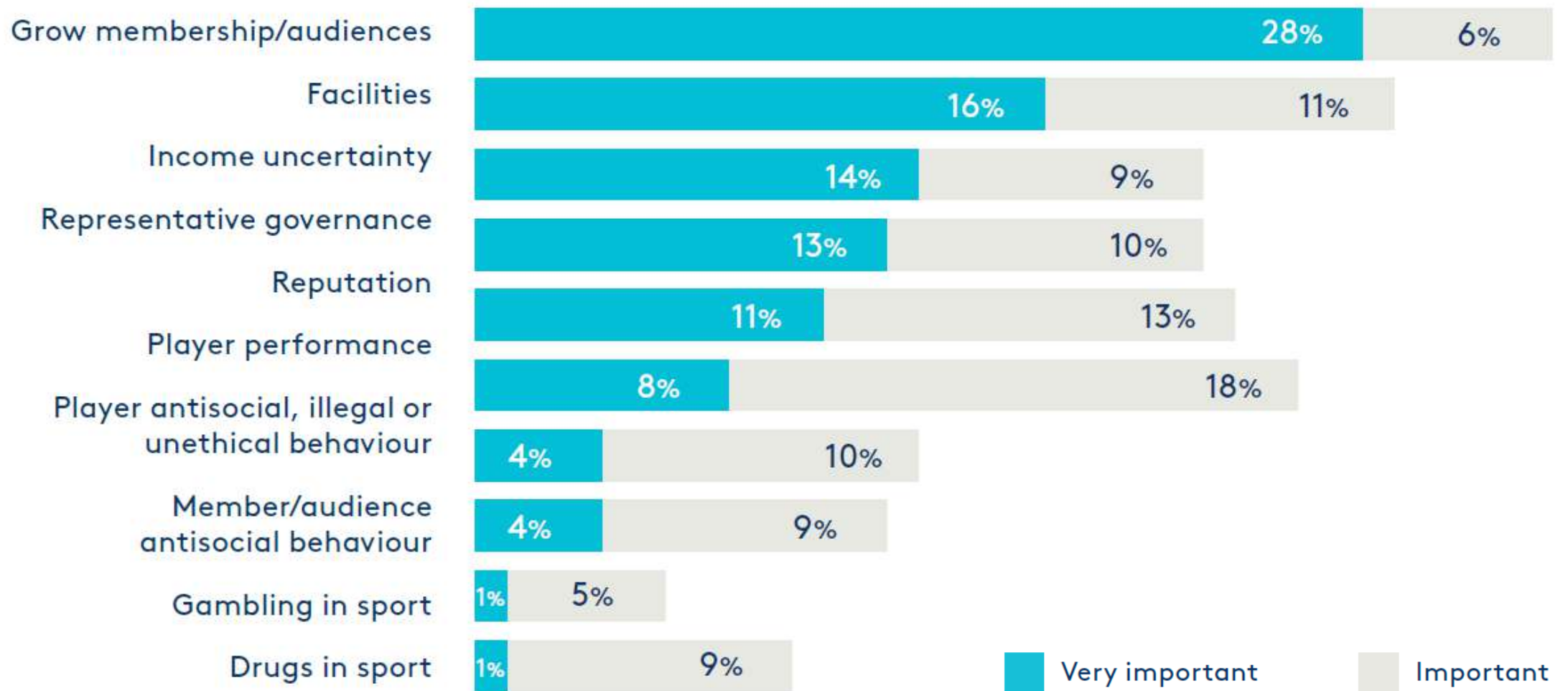
Key Finding 7

Sports governance in the spotlight

"Spectator behaviour is much better because of what social media can do. But social media is creating huge risks for us."

- AICD NFP Governance Performance Study 2019

Figure 7.2: Key priorities for directors of sporting organisations



Talking points for boards

- Do we have a clear strategy to grow our organisation and our sport?
- Do we have the appropriate infrastructure to support this growth?
- Has the board considered challenges in future income?
- Do we have the appropriate governance structure for our future growth?
- Do we understand our key risks?

PANELISTS

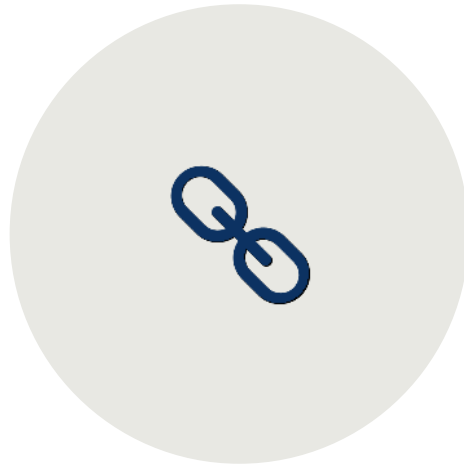
- **Dave Pugh GAICD, CEO – Anglicare NT**
- **Dianne Gipey MAICD, CEO – Women’s Safety Services of Central Australia**
- **Robert Cooper GAICD, CEO - Larrakia Nation**

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We value your feedback



You will receive an email from us which thanks you for attending this event.



Click on the link which takes you to the survey and asks for your feedback.



Answer all questions then hit 'Submit'. Wait for the "Survey Complete" page.

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THANK YOU