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Session – Structures and Governance

ITC 
International Training Centre

What is governance?

- Governance must be distinguished from Management
- In an EBMO, there is a clear difference between the Board's responsibilities (governance) and those of the Chief Executive Officer (management).

What is governance?

- Governance is the responsibility of the elected representatives of the membership who comprise the Board. The Chairperson of the Board (also known as the President of the EBMO) is ultimately responsible for good governance and for ensuring that the boundaries between governance and management are respected and maintained.

What is governance?

- In other words, Governance determines the “What?” (what the EBMO does and what it should become in the future), while management determines the “How?” (how the EBMO will attain those goals and aspirations).

Governance

- Set the norms, strategic vision and direction and formulate high-level goals and policies
- Oversee management and organisational performance to ensure that the organisation is working in the best interests of the stakeholders, and more specifically the members who are served by the organisation's mission
- Direct and oversee the management to ensure that the organisation is achieving the desired outcomes and to ensure that the organisation is acting prudently, ethically and legally.

Management

- Run the organisation in line with the broad goals and direction set by the governing body
- Implement the decisions within the context of the mission and strategic vision
- Make operational decisions and policies, keep the governance bodies informed and educated
- Be responsive to requests for additional information

Basic Principles of Governance

There are three elements to good governance, namely the requirements for

1. independence
2. clarity
3. transparency

1. Independence

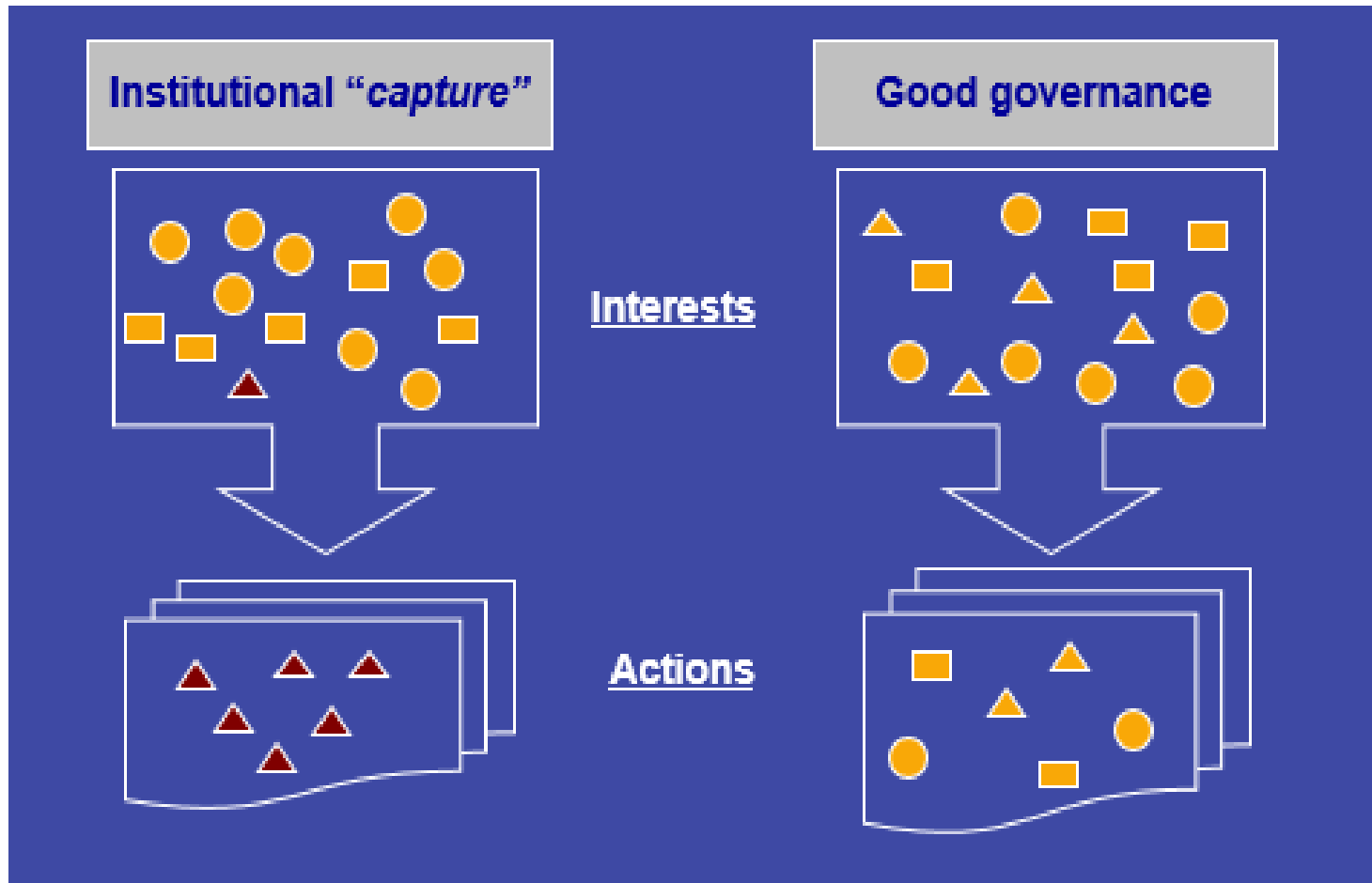
Independence from states/government means:

- The EBMO is a non-aligned, apolitical organization;
- It does not depend on state funding for its functioning.

Independence from factions or particular interests groups means:

- The EBMO has a large and inclusive membership;
- All interests are dealt with in a balanced way.

Dependence from factions vs Good governance



2. Clarity

- Where there is a lack of clarity, there is room for discretion to be exercised which gives rise to the perception that the EBMO is not acting consistently – or worse, that it is acting improperly.

2. Clarity

Ways to ensure clarity:

- ✓ Founding documents are adopted and up-to-date;
- ✓ Conflicts are resolved in a transparent way;
- ✓ Fee setting mechanisms are enshrined in the founding documents which are publicly available;
- ✓ Consequences of non-payment of fees are clear and applied consistently;
- ✓ Procedures for elections and mandates for elected functions are written down and respected;
- ✓ Terms for office and procedures of removal from office are written down and applied;
- ✓ Balanced reflection of diversity is sought;
- ✓ Compliance is given the highest priority.

3. Transparency

- Corruption – including bribery and extortion – has been increasingly identified by the business community as the biggest contributor to lack of good governance, leading in turn to low investment and stymied economic growth.
- EBMOs have a responsibility to fight corruption at national level through advocacy initiatives and to ensure good governance in their own organization

3. Transparency

Ways to ensure transparency:

- ✓ Leading by example: systems supporting good governance must be in place and any breach must be acted upon immediately in an open manner;
- ✓ Code of Ethics for staff and Board members: to raise awareness and foster ownership at all levels of the values of integrity, honesty and loyalty to the organization;
- ✓ Encouraging and Educating Members: providing support and guidance to members, companies and their employees on how to address cases of bribery, extortion or other corrupt practices.

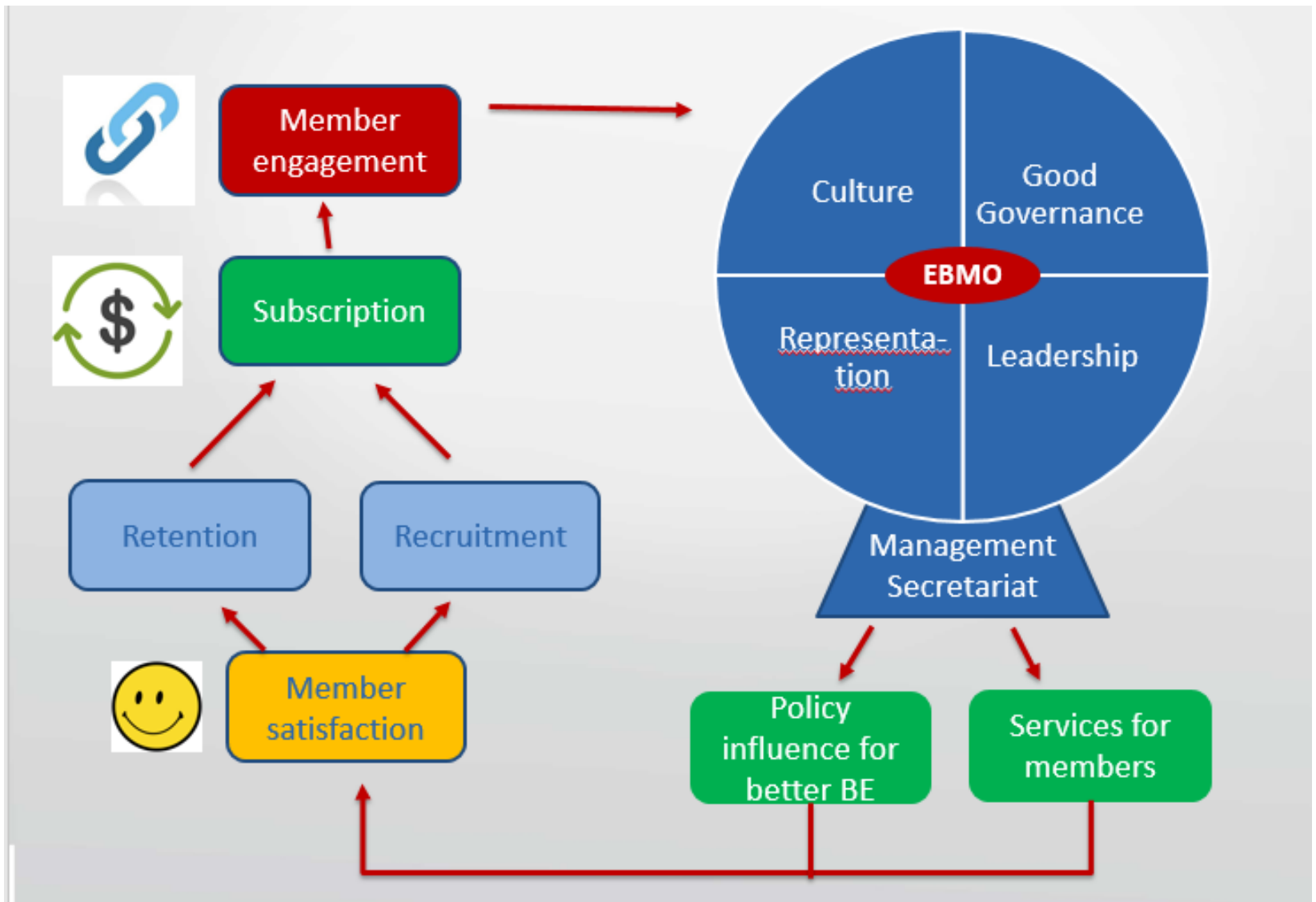
Recap

- Good governance is a key element of the credibility of an EBMO & it is critical for its ability to attract and serve members;
- EBMOs have different instruments to ensure good governance (Constitution; Boards and Committees; Management and secretariat etc.) – periodic reviews should be carried out;
- If good governance is a priority, resources need to be allocated.



- Is your organization ready?
- What does this mean?

Function vs Form



Different «models» exist

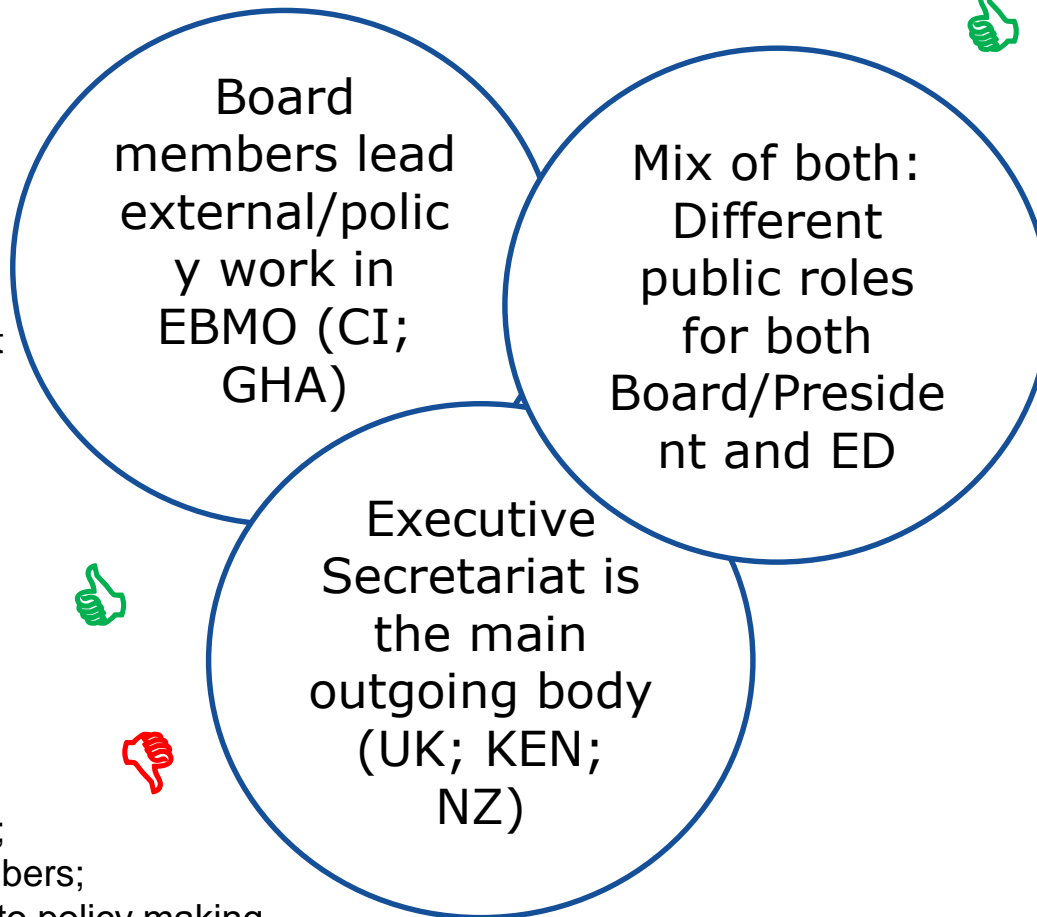
Representativity
Involvement
Power



In theory, solution combining all assets



In practice, high levels of Discipline & leadership are needed; Possible blurred visibility

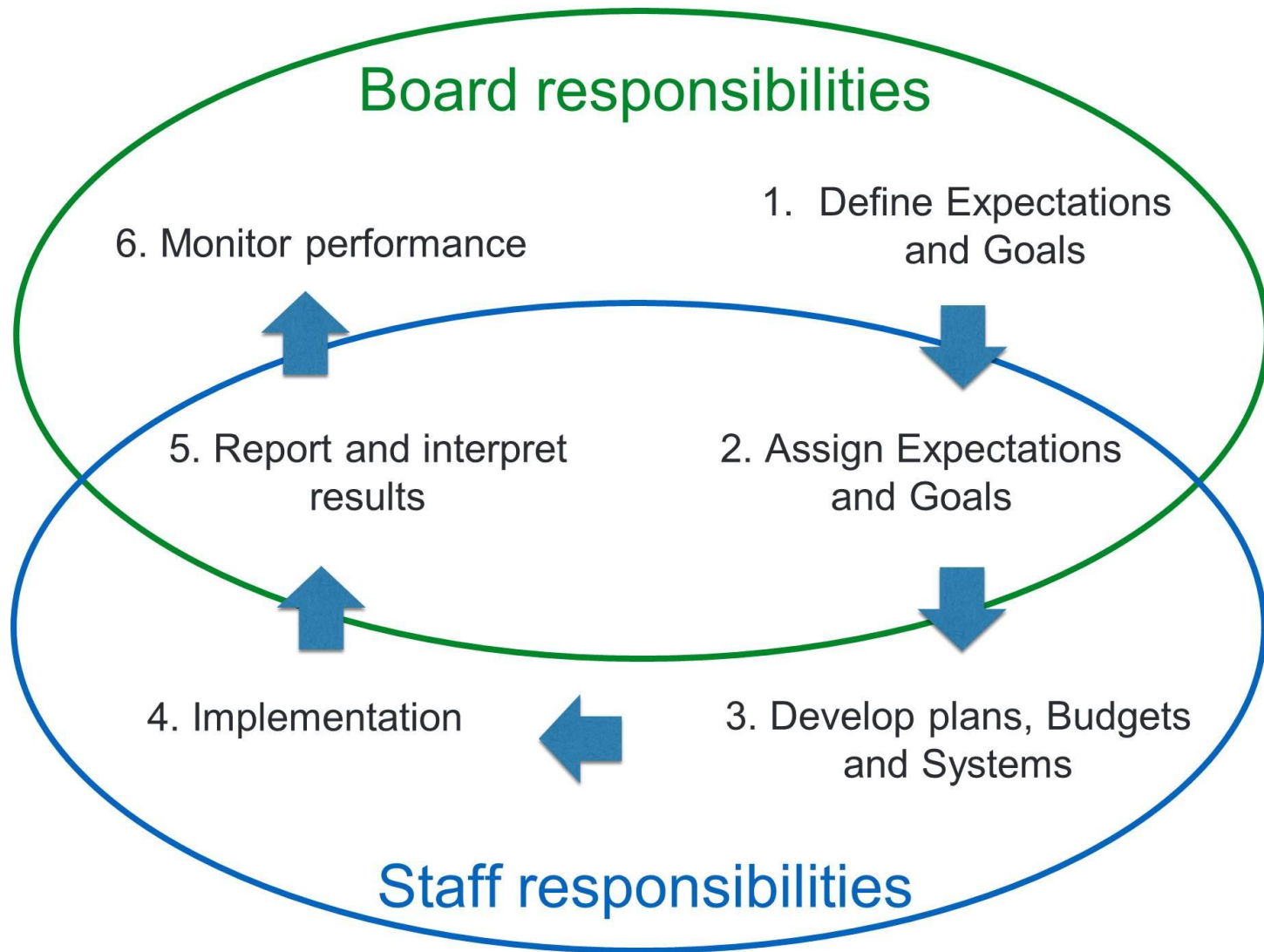


Lack of in-depth knowledge;
Lack of continuity;
No time for deep commitment

In-depth knowledge;
Continuity;
Dedication over time;
Empowered secretariat



Technicalisation of issues;
Wedge growing with members;
ED end up being “closer” to policy making bodies than to businesses?



Discussion

Can our organization get better organized to ensure maximum efficiency and member focus? If yes, how?

eg. Role of the Board, Role of the CEO, Role of Executive Staff, Support tools and systems etc.



- Work in groups
- 20 minutes
- Note down on a flipchart



Work on your Board

Board: 4 Main Responsibilities



SETTING ORGANISATIONAL GOALS



ASSIGNING ORGANISATIONAL GOALS, BUSINESS
PLANNING & IMPLEMENTATION



REPORTING, INTERPRETING RESULTS AND
MONITORING



COMMUNICATION BETWEEN THE BOARD AND
MEMBERS



What are some frequent issues?

- Unclear differentiation of competences between Board and Management
- Basic roles not properly executed:
 - Information too much/ too little/ too late
 - Board not committed/ not involved/ stands divided/ not attending
- Management not implementing
- Conflicts of interest hamper clear direction

What can be done?

- Statutes and bylaws: anticipate issues
- Composition of Board: ensure that it is representative, diverse, authoritative
- Working methods: Clear rules for monitoring / reporting / measuring impact
- Support Board functioning through technical committees:
 - Important aspects: mandate; specialisation; commitment of members; effective issue focussed meetings; reporting line to Board for validation/political decisions etc.

Specificity of EBMO Boards

Mandate of EBMO, non-profit nature, double policy/services role, composition of staff often lead to a need for more Board support, for example:

- Staff may lack high level contacts and business experience to have impact in lobbying activities
- Board members are often best placed to convince peers in membership recruitment strategies

Specificity of EBMO Boards

Good mix of competences and strong commitment are key success factors for EBMO Boards

Which competences should Board members collectively have?



Have the right Board

Specificity of EBMO Boards

- *Objective - Policy Influence*
- *Competences needed:*
 - ➔ Access to decision-makers;
 - ➔ Information sharing;
 - ➔ Political insight;
 - ➔ Real life stories;
 - Etc.
- *Role of the Board:*
 - *Determine policy positions*
 - *Define and assign expectations*
 - *Monitor progress*

Specificity of EBMO Boards

- *Objective - Quality services delivered to members*
- *Role of the Board:*
 - *Decide broad orientation*
 - *Define expected result*
 - *Monitor progress*
 - *Interpret results*
- Competences needed:
 - ➔ Business experience;
 - ➔ Knowledge on market needs;
 - ➔ Knowledge on quality assurance;
 - Etc.

Specificity of EBMO Boards

- *Objective - Financial sustainability & membership base increase*
- *Role of the Board:*
 - *Decide broad orientation*
 - *Define and assign expectations*
 - *Monitor progress*
 - *Interpret results*
- *Competences needed:*
 - ➔ Business experience;
 - ➔ Peer networking;
 - ➔ Knowledge on how to shape communication;
 - ➔ Leading by example;
 - ➔ Access to sponsors;
 - ➔ Accounting and oversight experience;Etc.

Implications for Board members

Effort: time, connections, commitment

Rewards: visibility, «community satisfaction», recognition, new networks

Under which conditions:

- Keep organizational (vs. company-individual) perspective;
- Loyalty and discipline.



Have an active Board

Ensure the Board is aware, prepared and participates

- Since the beginning of the Board's term, its members are fully INFORMED on the external and internal situation analysis of the EBMO and the implications for its functioning.
- Strategic plan is discussed and approved by Board.
- Create Board Committees within the Board to deal with important/specific issues. Important to define the Committee's terms of reference, reporting formats and coordination with the plenary Board.
- Board is kept informed on EBMO evolution on identified Key Performance Indicators. This is a systematic point within the agenda of every Board meeting.
- Board Charter can help foster engagement, accountability and effectiveness of Boards.

Recap

- Good governance is key for all aspects of EBMO functioning - to attract members; to have effective influence; to deliver useful and quality services to businesses
- An active Governing Board is a key asset for EBMOs – Understanding of role; commitment and discipline; right competency mix are needed
- The Strategic Plan is the NUMBER ONE tool for the Governing Board to drive the EBMO
- A Charter can be developed to better define the EBMO Board's mandate, expected inputs and commitments



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