

GOVERNANCE IN ACTION

Creating Synergy Between Board and Management

Most NGOs in Hong Kong have a two-tier structure with a board of directors and a management team. A healthy relationship between the two could be a key driver to the success of an NGO. However, a dilemma often exists between them as they share the responsibilities of running the organization and have an “employer-employee relationship”, where the board members are “non-paid volunteers” but select, hire and evaluate the CEO (and sometimes other senior management staff). In view of the uniqueness of this partnership in the NGO sector, this article aims to discuss the elements of developing an effective board-management relationship.

Clear roles and responsibilities is the number one factor that facilitates an effective working partnership. In general, the board should govern, and the management should manage. The more established the organization, the more likely it is for the board and management to differentiate their responsibilities. However, for smaller organizations with less staff, or organizations transforming from volunteer organizations with no staff to more structured NGOs, the boundaries between management and board may be less clear-cut.¹

There are tools and guides available that can help **set expectations** for each party’s roles. Mr Barry S. Bader, an experienced governance consultant in healthcare in the US, suggested in his article seven guiding questions that NGOs should ask when distinguishing the two roles. Examples are “Is it about the future?”, “Is a high-level policy decision needed to resolve a situation?”, “Is a red flag flying?”, etc.² BoardSource, a US nonprofit specialized in board development, also issued a document on “Board Chair and Chief Executive Responsibilities” listing out the various aspects of work in an NGO, such as “policy and planning”, “fundraising and development”, and “staff oversight”, with the clear directions on what roles board chair or CEO should play and avoid overlapping in the dual leadership.³

Responsibility Area	Role of Board	Role of Management	Joint/Overlapping
Mission & Planning	Approve annual implementation plan – ensure consistency with strategic plan	Develop annual implementation plan consistent with strategic plan	Implementation plan for board initiatives
Fundraising	Ensure that organizational resources are consistent with organizational activities	Execute fundraising strategy, with support from the board	Develop a fundraising strategy
Personnel	Approve personnel policies	Hire all staff	Establish a grievance policy
Finance	Approve the budget	Develop an annual budget	Modify budget as needed in response to actual results

*Division of responsibilities between board and management extracted from “Board/Executive Director Tensions”.*⁴

While having clear roles is essential, **having respect** for each party’s roles can avoid micro-management/micro-governing. For instance, the board has to understand and respect that the management may be the one who most understands the agency’s operation, whereas the management should respect the board for their authority in overseeing the development of the organization.

The other side of the board-management relationship is more about *dynamics*. Former Chairman and former CEO of The Hong Kong Society for Rehabilitation, Mr Benny Cheung and Mr Ng Hang-sau, shared some practical wisdoms on this during at the Induction Workshop for NGO directors held in March 2018.

¹ The Wheel. (2010). *Management vs Governance*. The Wheel. Retrieved from: <https://www.wheel.ie/content/management-vs-governance/>

² Bader, B. S. (2008). *Distinguishing Governance From Management*. AHA Trustee Services.

³ BoardSource. (2018). *Board Chair and Chief Executive Responsibilities*. BoardSource. Retrieved from: <https://boardsource.org/board-chair-chief-executive-responsibilities/>

⁴ Governance Matters. (n.d.). *Board/Executive Director Tensions*. Governance Matters.

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Before accepting the offer of becoming the CEO, Mr Ng made sure with Mr Cheung that the board chair should be the only one that would supervise him and not all of the other board members. This **honest and candid conversation** help set out clear expectations in their relationship at the very beginning. Mr Ng emphasized the importance of **using informal occasions to communicate** with his board and understand their views. He jokingly said that it was a challenging task as one board member might prefer meeting over coffee in day time, while the other one preferred having wine at midnight. Mr Cheung echoed that it took time to **adjust to the personality and preferences of individual board member and management staff** to make things work.

Furthermore, Mr Cheung shared that informal settings can build up an atmosphere where the CEO would feel comfortable to share his challenges, and the chair himself would have undivided attention to listen to and go through concerned matters from both sides. Not only these communications can help **address (negative) feelings and emotions**, it can also prepare the board chair and CEO for any unexpected concerns that the board/management may raise during board meetings, which could potentially lead to conflict between the two.

The board chair and CEO should **act as bridges** between other board members and the rest of the management team. Mr Cheung expressed that when selecting Mr Ng to be the CEO, he was impressed by Mr Ng's positive relationship with the staff, allowing effective implementation of strategic plans which the board had decided on. On the other side, Mr Ng said that there are usually four elements involved in communications with the board — facts, feelings, findings, and future. His board tended to focus on “future” and advise on upcoming plans. To facilitate their consideration, Mr Ng would usually bring them back to the “facts”, **keep the board informed** about frontline operations that they might not be aware of, and ensure decisions were made and well put together in context, that the “findings” and “future” were realized basing on “facts”.

Having a good board-management relationship requires both rules and maneuver. These two components go hand in hand in the interest of the NGO. In a good partnership, the board and management both understand their roles. However, without the flexibility to adjust and communicate with each other, there would not be trust or empathy when facing challenges. With a good relationship, the board and management may be closely bonded. It would be a risk where either party is overly trusted, or when boundaries start to blur.

There is no one formula for the board and management to sync instantly. It works differently in each organization depending on the inter-personal skills of the board and management, as well as the organizational culture and governance practices. Most importantly, a relationship is always a two-way street; only with willingness and commitment from *both* sides, will the board and management be able to create synergy and drive the NGO forward together.



During Session 2 of the Induction Workshops for NGO Directors held on 17 March 2018, former Chairman and former CEO of The Hong Kong Society for Rehabilitation, Mr Benny Cheung (right) and Mr Ng Hang-sau (left), shared their experience and stories in building a strong and supportive Board Chair-CEO relationship contributing to the agency's development.