

FOCUS

Equality and Respect, Building a Better Community

Interview with Dr Liliane Chan, Chairperson of Hong Kong Federation of Women's Centres

Hong Kong Federation of Women's Centres (HKFWC) has been established for more than 30 years since 1981. Promotion of women's rights and development of their potentials are all along the core of its services. With the changes of women's roles and status over the years, HKFWC's service has evolved from supporting victims of violence to advocacy of women's holistic development, strengthening their self-confidence, independence and competence, and upholding the mission of building a society with gender equality.

Dr Liliane Chan joined HKFWC in 2003 and became Chairperson in 2013.

Looking back, she recalled that it was because of her management experience in welfare agencies that she was invited to join the Executive Committee (ExCo) in order to oversee the organization's renovation at that time. What kept her in HKFWC ever since, was the agency's commitment to its mission, as well as the cohesiveness and mutual respect within the board, especially the enduring relationship amongst its directors. Dr Chan remembered some years ago, a former ExCo member even made a trip back to Hong Kong from overseas, just to participate in their major event.



Dr Chan (front row, 3rd right) joined the agency's staff retreat

HKFWC's development surged in recent years. Its current annual expenditure is now over HK\$30 million, six-fold of that in 2009. The number of full-time staff has increased from 15 to 55, not to mention 10 half-time employees, and over 150 part-time staff. The number of ExCo members, however, remains no more than 10. Dr Chan said that their ExCo members come from all walks of life, sharing the same concern for women's rights. Their current ExCo consists of members from social service, marketing, administration, education, etc. They all have the dedication to resolve whatever governance issues they face. Lately, they worked together relentlessly to register the organization as a company from a society and implement a new staffing structure and remuneration policy.

Dr Chan confessed that the path of company registration was painstaking, and it is yet to be completed. Nevertheless, the ExCo was determined to take this first step for the benefit of the organization's long term development. Dr Chan recounted that when HKFWC's legal form was still a society, it was refused of tenancy as it did not have the capacity of legal entity. With its progressively



Dr Chan (the 5th from the right), together with ExCo members and guests in an opening ceremony

diversified services in meeting social needs, the magnitude of risks in operation also increases. Both the ExCo and ordinary members bear corresponding legal responsibilities from the organization's growth. Hence, it is desirable for the organization to become a company to confine its legal liability. In the process of company registration, the roles and duties of the ExCo and staff, as well as the operational procedures, became clearer, which is desirable to the organization's growth. Dr Chan firmly believes that it is necessary to have someone with experience of a company secretary to handle governance issues. With only 6 ExCo members, and staff focusing on frontline services, ensuring compliance is never an easy task.

Speaking of the relationship between ExCo and staff, both Dr Chan and Ms Si-si Liu, the organization's Director, felt that HKFWC has maintained a high level of transparency and effective communication. For example, when the ExCo planned to review the staffing structure to increase job opportunities for female home makers, it would consult the staff first to assess the viability of change from the perspective of operation and staff supervision. Further, due to the lack of regular subvention, it is necessary to secure extra resources for new services initiated by the staff. In that connection, ExCo members organized workshops to equip staff in proposal writing to build up their competence in soliciting required resources.

HKFWC has all along upheld the mission of promoting gender equality. With the sensitivity about women's needs, coupled with the culture of equality and respect, it makes concerted effort to create room for women to develop their potentials and communities. Its role in the betterment of society as a whole is undeniable.

GOVERNANCE IN ACTION

Board Succession Planning – Thinking Ahead Consciously

Succession planning is a strategy of identifying and developing future leaders. This should ideally be done at all levels in an organization, including its board members. However, in the nonprofit sector, the practice of board succession planning is uncommon. According to the results of the Hong Kong NGO Governance Health Survey 2018, one of the least adopted governance practices was board succession planning, with only 30% of respondents indicating that they “always” or “often” adopt this practice, while 79% of them “strongly agreed” or “agreed” that this practice is relevant to their organization. On the contrary, 63% (vs. 30%) of respondents indicated that the board “always” or “often” has succession planning for top-tier management. It is also considered more relevant than the succession of board (86% vs. 79%).¹ Likewise, in a similar survey done by BoardSource in the U.S. in 2015, only 49% of nonprofit CEOs agreed that their organizations had an effective process in place for board officer succession.²

NGOs in Hong Kong often express that there are challenges in finding right people who are willing to make the commitment to sit on board. The general observation is that board succession planning is “the elephant in the room”. Not many NGO boards have spent enough efforts to talk about the matter or develop strategies for it. While term limit and a maximum term number are straight forward ways to foresee when a board member would retire and the need to find a replacement, quite a number of NGOs simply do not set a limit for board service. There may be board members or founders who continuously stay on board for over 10 or even 20 years. When these long serving members leave the board, at times that may be completely unexpected, they leave behind a huge gap in finding suitable replacement who would have the same wealth and depth of experience as they did. With all these reasons, the lack of proper succession planning may result in a stale and even burnt out board. In the long run, this could hinder the organization’s development.

Why Succession

It is important to have successors in place for both the key office bearers and other board members. Board leadership roles such as the chair, secretaries, and treasurers bear extra duties and responsibilities. Ensuring succession for these roles gives continuity to the board and the organization. Change of leaders always place an organization in vulnerable situations, thus a smooth transition of leadership can minimize the risks that the NGO would have to face.

Recruiting new members can fuel the board with fresh ideas. Identifying and engaging potential leaders outside of the organization to join the board may bring in new perspectives and enhance the existing composition of the board. Having a proper process in place for identifying talents can also prevent recruiting unengaged members and those who are not the right fit for the board.

The Approaches

Succession requires “planning”. The board must think ahead and actively discuss on this issue to maintain healthy governance. Traditionally, NGOs adopt a “self-perpetuating approach” where current board members bring in their friends who may be from a similar background and network. This is the most convenient way of finding new board members. However, taking the easy way out to search within their own social circle tends to bring less diversity to the board.

Another approach that requires more planning would be the “committee approach” where interested outsiders are invited to participate in a short-term engagement in committee work before officially becoming a board member. This provides opportunities for existing board members to observe whether the potential candidate have the right skill set and shared vision with the agency. On the flip side, it allows the candidates to better understand the organization’s culture and whether they would be able to contribute meaningfully.³

For key office bearer roles, board members may establish a line of succession for existing members, so that the entire board would be aware of the potential successors and prepare them for stepping into the role. Board members should be vocal about their wish to continue their service near the end of the term or opt out for re-election. Board leaders can also provide development opportunities and start equipping their successors with the necessary skills to ensure a seamless transition.

¹ Hong Kong Council of Social Service, ExCEL 3, & GAME for Public Benefit. (2019). Hong Kong NGO Governance Health Survey 2018.

² BoardSource. (2015). Leading with Intent: 2015 National Index of Nonprofit Board Practices.

³ BoardEffect. (2016). Building Your Board - Experts share ideas for finding and recruiting the right members for your board.

GOVERNANCE IN ACTION

The board may decide collectively the channels and networks that they would take to engage and recruit new board members, depending on the kind of people that they are looking for. There is no prescribed way of succession planning, and board members should always keep some degree of flexibility in the process given that the difference in dynamics of each board.

The Key Determinants

As suggested by different sources^{4, 5, 6}, defining the following key determinants of succession planning can facilitate a more effective transition for the board:

Define the roles

A clear definition of the roles for board member and office bearers (i.e. board chair, vice-chair, secretary, treasurer, etc.) would clearly communicate to potential board successors about the expectations in joining the board. The documented responsibilities and commitment that come along with the role would avoid potential board members who merely wanted to be a “volunteer” or “just to help out”.

Define the skills needed

With the defined roles, the board can identify the skills needed for the specific roles. The skills could also be what are currently lacking in the existing board composition. Desired personal attributes can be included for identifying potential candidates who would fit in to the organization’s culture or bring new perspectives to the board.

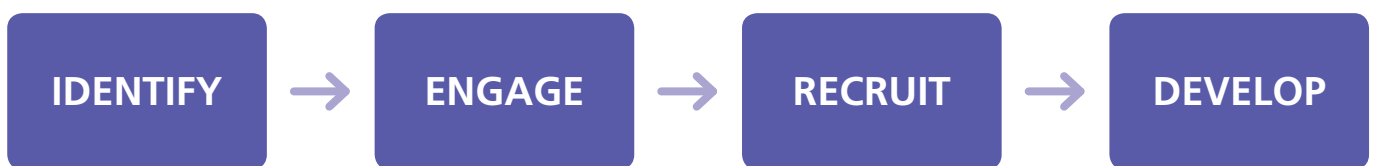
Define the process

A board succession planning process should be well-documented and followed through. This reminds board members that there should be a conscious and deliberate effort spent on succession planning instead of just finding a replacement whenever a director steps off the board. To avoid overburdening the board’s agenda, directors may consider setting up a governance committee to focus specifically on this issue.

The Consensus

Regardless of the approach that the board decides to take on for succession, it is of utmost importance that there is a mutual understanding among all members throughout the process. Essentially, there should be four key components in succession planning: (1) identifying successors needed, (2) engaging the potential candidates, (3) recruiting them to join the board, and (4) developing the newly recruited members to adapt to the roles.

It is crucial to get new board members up to speed with other directors. Providing appropriate induction or orientation is an important way to facilitate their understanding of the organization’s value, culture, and the working style of the board.



Four essential steps of board succession planning

On a final note, NGO boards are highly encouraged to set aside a reasonable amount of time and resources to develop a succession plan. An open and transparent culture in the process can promote trust between existing and new board members, keeping the NGO energized and sustainable.

⁴ Social Venture Partners Boulder County. (2012). Succession Planning for the Non-profit Board Chair.

⁵ Garthson, J. (2016). The Case for Nonprofit Board Succession Planning. *Canadian Society of Association Executives in Association Magazine*.

⁶ Aly Sterling Philanthropy. (n.d.). Laying the Groundwork for Your Nonprofit Succession Plan.

UPCOMING ACTIVITIES

NGO Treasurers' Club Dialogue Series

Co-organized with the Project's Strategic Partner, Hong Kong Institute of Certified Public Accountants (HKICPA), NGO Treasurers' Club Dialogue Series will be held from September to November 2019 to equip board members with relevant knowledge on financial governance. Members of HKICPA's "CPA for NGO" programme will be the speakers in the three sessions of the Dialogue Series.

Date & Theme	1 st session: 27 September 2019 - "Understanding Management Accounts for Decision Making"
	2 nd session: 25 October 2019 - "How to Interpret Financial Statements and Auditor's Report"
	3 rd session: 29 November 2019 - "Financial Planning and Budgeting"
Time	6:30pm to 8:30pm (registration starts at 6:15pm)
Venue	Duke of Windsor Social Service Building, 15 Hennessy Road, Wanchai
Target	Treasurers, and other board / committee members of agency members of HKCSS / The Hong Kong Joint Council for People with Disabilities, with priority to those without accounting or professional financial training background.
Fee	HK\$100 per session, HK\$250 for three sessions

For event details and enrolment, please visit our website <https://governance.hkcss.org.hk/node/370>

Seminar on Staff Salary Policy & Practices for Non-subvented Organizations

To provide occasions for NGO governors to discuss and exchange on how to set policies related to staff salaries and pay adjustment, the Council will arrange two seminars for non-subvented and subvented organizations respectively. Details of the first session for agencies **not receiving lump sum grant** are as follows:

Date	29 August 2019
Time	6:30pm to 8:15pm (registration starts at 6:15pm)
Venue	Room 502, The Boys' & Girls' Club Association of Hong Kong, 3 Lockhart Road, Wan Chai
Target	Board and committee members (top priority), agency heads, senior management, and HR personnel of HKCSS Agency Members not receiving Lump Sum Grant Subvention

For event details and enrolment, please visit our website <https://governance.hkcss.org.hk/node/368>

SNAPSHOTS

Seminar on "Fiduciary Duties and Legal Liabilities of NGO Directors"

The Seminar conducted in English was held on 19 June 2019. The speaker, Ms Michelle Chow, member of the Pro Bono Committee of The Law Society of Hong Kong, explained the fiduciary duties and legal liabilities of NGO Directors on the occasion.



Ms Michelle Chow explained the 3Ds of a director's fiduciary duties: Duty of care, skill and diligence, Duty of loyalty and Duty of obedience

NGO Directors' Luncheon

The 12th NGO Directors' Luncheon was held on 31 May 2019. Mr Paul Lam, SC, and Ms Gilly Wong, respectively the Chairman and Chief Executive of the Consumer Council, shared their experience and insights in the governance of statutory organization.



Ms Gilly Wong (left) and Mr Paul Lam, SC, (middle) exchanged with Mr Chua Hoi Wai, CE of HKCSS, (right) on governance matters