

# EVALUATING GOVERNANCE EFFECTIVENESS: A FACILITATED PROCESS WITH THE BOARD OF YARNTEN CORPORATION

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DIANE SMITH

*Case Study Report No. 2*  
Indigenous Community Governance Project  
CAEPR, ANU

2006



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ABORIGINAL AND TORRES STRAIT ISLANDERS CORPORATION**

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Australian Government  
Australian Research Council



*Cover photo: Yarnteen Board members Dallas Faulkner, Rex Morgan, Doug Gordon, Leah Armstrong (Board Secretary and Executive Director), Patricia Capper, Ron Gordon, Diane Gordon, Saretta Fielding, Jim Wright (Chairperson), and Paul Gordon (left to right) attending the opening of Yarnteen's newest enterprise, 'Riverside Car and Boat Wash', Port Macquarie, NSW.*

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## ACKNOWLEDGEMENTS

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The research on which this report is based was conducted over several weeks in 2006 with the Board Chair and members, Executive Director, managers and staff of Yarnteen Aboriginal & Torres Strait Islanders Corporation, including its wholly owned and affiliated organisations. During that time and subsequently, the Corporation provided me with enormous support and assistance for the collaborative, applied research carried out under the umbrella of the *Indigenous Community Governance Project (ICGP)*. I would especially like to thank Leah Armstrong, Executive Director of Yarnteen, and Jim Wright, Chair of the Yarnteen Board, for the considerable time, thought and enthusiastic support that they contributed to this research.

The members of the Yarnteen Board welcomed the opportunity to assess how they are travelling in respect to their roles and responsibilities. They happily made themselves available for lively discussions, and have been frank in their comments and feedback. This has made the research process a pleasure.

Senior managers of Yarnteen contributed valuable time when they were under heavy workloads. I thank them for their professional approach to engaging in, and supporting my work. I would also like to thank the many staff members of Yarnteen who spent many hours assisting me to organise a timetable of interviews, meetings and discussion sessions, who themselves participated in interviews, and who tirelessly assisted me with access to data and written reports.

Without prejudging the outcomes of the research, it seemed to me throughout my work in Newcastle, that the considerable professionalism, efficiency and good humour with which the staff, managers, executive management, and Board members of Yarnteen dealt with my research engagement with them, was in itself compelling evidence of just how good their governance and organisation is.

This research has been made possible through funding under the *Indigenous Community Governance Project* which is an Australian Research Council Linkage project (No. 0348744) between the Centre for Aboriginal Economic Policy Research (CAEPR) at the Australian National University, and Reconciliation Australia.

My thanks go to Janet Hunt, Neil Westbury and Leah Armstrong who read and commented on this and earlier drafts of the report. Thanks also to the Chair and Board of Yarnteen for their comments and feedback on the confidential report, and to Stephanie Garling for proof-reading and production assistance.

## 1. INTRODUCTION

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This report draws on some of the findings from collaborative research undertaken with the Yarnteen Aboriginal and Torres Strait Islanders Corporation in Newcastle. Field research was carried out with the organisation and its subsidiaries over several weeks in late 2004 and during 2005. Valuable discussions were held with members of the Yarnteen Board, senior management and staff—collectively and individually—at the Yarnteen and Youloe-ta offices.

For a decade and a half, Yarnteen Aboriginal and Torres Strait Islanders Corporation has demonstrated successful development outcomes on several fronts (economic, social, community, and cultural). In doing so, it has acquired a reputation for stable, effective governance.

Today, Yarnteen operates several enterprise development initiatives, including (Figure 1):

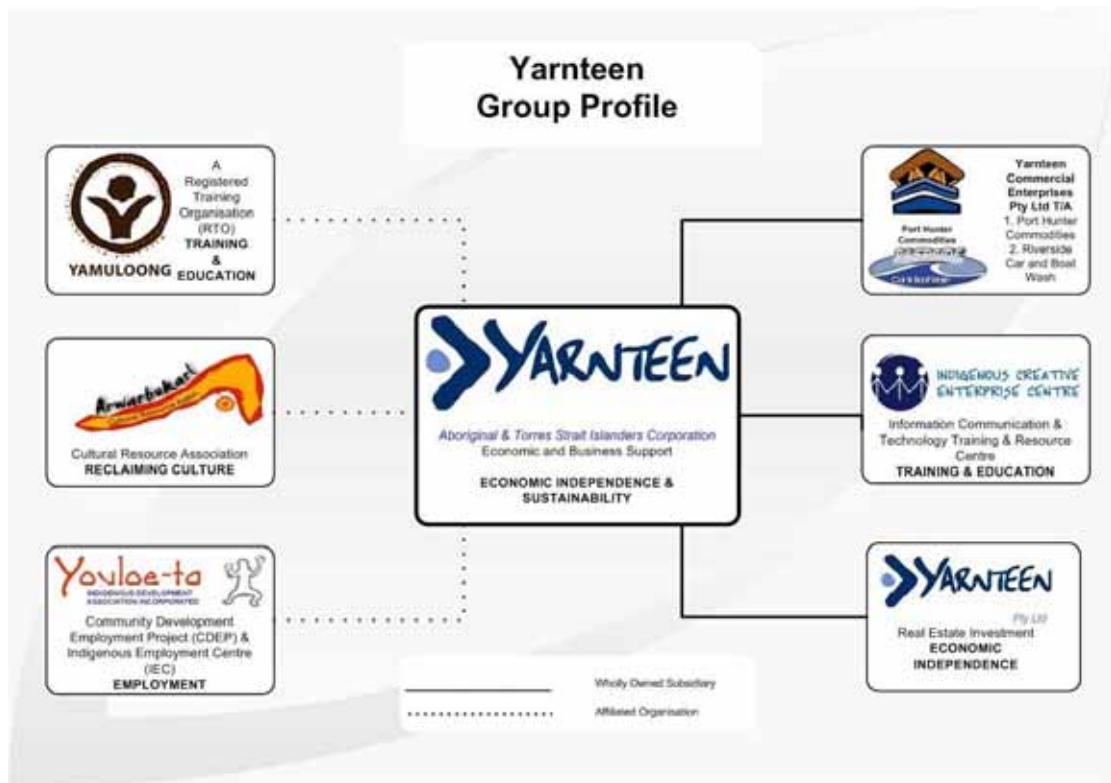
- a) Yarnteen Pty Ltd—a property investment vehicle
- b) Riverside Car and Boat Wash—a purpose built eco-friendly car wash enterprise in Port Macquarie
- c) Indigenous Creative Enterprise Centre—a new centre offering business and information technology and communications skills development
- d) Port Hunter Commodities Pty Ltd—a bulk warehousing and commodity handling service that also operates a quarantine management system, which is a wholly-owned subsidiary commercial company of Yarnteen Corporation.

Out of its CDEP and training services, Yarnteen successfully incubated several community enterprises including (Figure 1):

- a) Yamuloong Incorporated—an Aboriginal Registered Training Organisation offering nationally recognised courses
- b) Youloe-ta Indigenous Development Association—an association that now manages the original Yarnteen CDEP scheme as well as an Indigenous Employment Centre. It also manages a conference facility, an Aboriginal bush foods centre for school groups, and provides training and mentoring services.

Yarnteen has received a CDEP Achievement Award for Innovation, presented in recognition of the advances it made in the area of technology, and via an innovative partnership with Microsoft Australia, Yarnteen and Youloe-ta have also developed a website to assist in the networking between CDEP organisations. The organisation owns several properties in Newcastle and Canberra, including a cultural retreat for the regional Aboriginal community.

**Figure 1** Yarnteen ‘family group’ of organisations



Overall, Yarnteen is able to successfully leverage and combine various forms of capital (e.g. institutional, human, financial, cultural and natural) so that it is now in a strong business position with a range of inter-related economic enterprises.

In 1996, in earlier research with Yarnteen on the operation of their CDEP scheme (Smith 1996), I highlighted several factors that appeared to have directly contributed to Yarnteen’s success in economic and community development areas. Yarnteen is currently participating in the Indigenous Community Governance Project (ICGP) as a governance case study focusing on issues of urban Indigenous governance, and especially, on investigating the links between the organisation’s well-documented economic success and its governance arrangements.

The current collaborative research examines the history and form of Yarnteen’s governance arrangements, and how it has designed structural and institutional governance solutions to suit its changing business and community needs. In particular, the ICGP research focuses on trying to identify the factors underlying the organisation’s apparent governance effectiveness. The research then aims to ascertain the extent to which there is a causal connection between the attributes of Yarnteen’s ‘effective governance’ and its economic development success.



This case study report presents one aspect of the research to date, namely the findings generated through informal discussions, interviews, and the facilitated use of a short ‘self-evaluation’ survey with seven members of the Yarnteen Board. The object being to gain Board members’ own views and assessments about the overall effectiveness of the organisation’s governance arrangements, the effectiveness of the Board as a whole, and their individual roles and responsibilities as members of the organisation’s governing body.

Case studies under the ICGP are negotiated as research partnerships with participating organisations and community groups. An important aim of the ICGP overall is to ‘make the research count’ for Indigenous people who are working to strengthen their governance arrangements and to identify broadly transferable lessons. The Yarnteen research has been applied in the same way. A confidential report with recommendations based on an analysis of the ‘self-evaluation’ survey and interviews has been provided to the Yarnteen Board and Executive Director. The report was then personally presented to the Board at a special Board meeting convened in Port Macquarie. Discussions with the Board about the report’s findings and recommendations were held over a full morning and its recommendations are being followed up by the Executive Director and Chair of the Board.

The Board and Executive Director of Yarnteen have agreed to make this report publicly available on the ICGP website, in the interests of contributing to making information about effective governance practice more widely accessible. To provide a useful background, an introductory section on the history, operation, and governance arrangements of Yarnteen has been added to the original report. The self-evaluation survey may also be a potentially useful tool for other organisations and their Boards.

## **2. YARNTREEN CORPORATION**

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### **Governance history and environment**

The governance history and environment of Yarnteen Corporation is both urban and rural in character. Yarnteen is located in the industrial town of Newcastle on the central coast of New South Wales. With a total population of 146, 000—of whom around two per cent are Indigenous—Newcastle is the second largest town in NSW.

Yarnteen commenced operations with a CDEP program in 1992, and provides a range of social and cultural services, and economic development opportunities for Aboriginal and Torres Strait Islander residents of the town, and the Hunter River area in general. It also engages with Indigenous people travelling through the town from other country areas of NSW. ‘Yarnteen’ comes from Awabakal word meaning ‘all/everybody’.

The Aboriginal 'community' of Newcastle comprises a largely resettled group of families with ties to rural towns and cultural groups across NSW (Ball 1985; Hall & Jonas 1985; Jonas 1991, Smith 1996, 2005). An early 1983 survey for the Co-op of 116 Indigenous households in Newcastle reported that 75 per cent of residents were from outside the areas (Hall & Jonas 1985). There is an ongoing orbit of mobility around these rural locations, but there is also a stable core of extended families who have called Newcastle home for over three decades. These families have been instrumental in establishing the early Aboriginal organisations in the town and surrounding region. The Aboriginal 'community' of Newcastle is therefore diverse and best characterised as having component sub-groups whose histories are tied to different organisations and resettlement phases.

There are a large number of Aboriginal organisations in the Hunter Valley region (a local Indigenous resource guide lists over 64). Aboriginal 'community governance' in Newcastle consists of an elaborate network of organisational governance and senior leaders who focus on community service delivery, economic development, cultural identity, language and land.

Particular organisations are typically associated with certain groups and families, and there are strong historical linkages between some families and organisations. Yarnteen Corporation, like many other Aboriginal organisations in the Hunter, had its beginnings in the Awabakal Co-operative. The formation of the Awabakal Co-operative in 1976 was a pivotal development for Newcastle Aboriginal residents. It supported community development and the growth of a strong sense of local identity.

Yarnteen's current leadership state that 'key factors have influenced [their] governance structure' from the beginning (Yarnteen 2005). The first factor was a 'recognition that the Indigenous community around Newcastle area is made up of many different family and clan groups ... who have resettled in the region in search of better employment opportunities'.

A second factor in determining its governance structure was its leaders' desire to avoid the practical difficulties they had witnessed in other organisations as a result of unwieldy governing and representative structures. For example, the early NSW cooperatives and land councils, some of which had over 300 members, were perceived to have 'lost' valuable financial assets as a result of poor management and factionalised disputes.

The third factor was an early acknowledgement that Aboriginal culturally-based decision-making processes associated with major extended family structures should form the basis for new governing arrangements. The organisation wanted to ensure it avoided debilitating community factionalism, large unwieldy membership, and

complicated representation arrangements that might undermine their ability to make consensus decisions and stick to their core goals.

### **Governing structure and representation**

The governing structure and representative arrangements of Yarnteen reflect these factors. The organisation does not claim to represent the whole Newcastle Aboriginal community, although many of its core services and support are inclusive and accessible to that wider community. A Yarnteen Management Committee was established in 1991 to represent four large extended family groups in the Newcastle/Hunter region, who had resettled in and ‘adopted’ the town and its region over several decades. The Management Committee started with 10 members. This is now called the Yarnteen Board. The tight representative model that is linked to family group representation appears to have directly contributed to remarkable stability in the Board. Eight out of the 10 are foundation members of the organisation. New members are nominated and voted on from the constituent families (see Figure 2).

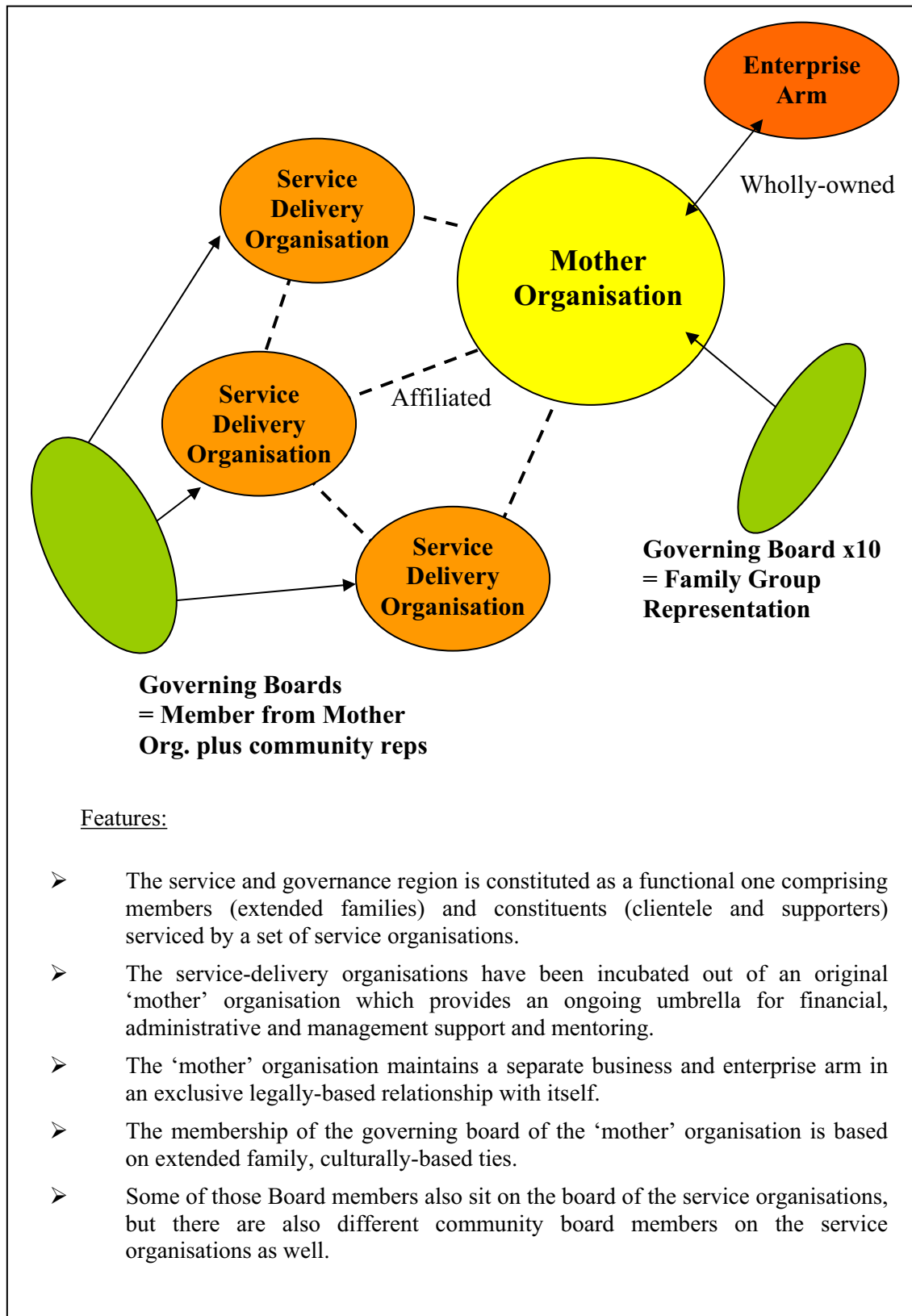
There have been significant benefits of this representative stability for the organisation. An important consequence appears to be that considerable governance ‘capital’ has been built up, namely, there is: a solid foundation of trust and openness between Board members; strong legitimacy for the organisation from its defined membership; a strong corporate history existing amongst Board members and key management; a reliable decision-making process; a history of consensus-building amongst the Board; a shared experience in being able to sort out problems and conflicts; and a strong commitment to long-term goals and vision for the organisation.

With such stability any organisation could easily settle into a convenient comfort zone in its operation and business. This seems to have been avoided through active leadership direction and entrepreneurial vision, and the creation of an internal culture within the organisation and Board based on hard-headed risk management combined with the ongoing testing-out of potential new opportunities.

The organisation is seen in some quarters of the community as being exclusive, but that is a deliberate strategy of its originating leaders and Board who designed a very specific representative model of membership and constituency.

There is an important distinction between membership and constituency evident in the operation of Yarnteen. This distinction appears to be an important factor in its governance longevity. While its governing and business-ownership ‘membership’ is tightly circumscribed, its ‘constituency’ (i.e. its wider group of clientele and supporters) is inclusive of the wider Newcastle Aboriginal population who benefit from the range of ‘community’ services and functions provided by the organisation.

**Figure 2** Yarnteen model: An umbrella ‘family’ of organisations, with networked governance



## **Purpose and objectives**

Yarnteen's purpose and objectives have evolved over the years in keeping with its growth, though there has always been a focus on economic development at the heart of its operations. From the first, the organisation stressed its desire to 'become a full agent in our own development' (Jonas 1991: 12). Especially, the organisation aimed to create 'a balance between economic and social obligations for greater community capacity building' (Yarnteen 2005).

Yarnteen's leadership and Board state they have 'always held the view that focusing only on the social aspects of people's lives may not produce lasting changes to individual families or communities', and they 'recognise the importance of business in supporting a healthy community' (Yarnteen 2005). This strategic approach has set the tenor of Yarnteen's operations since 1991. Its objectives laid out in a Corporate Profile available to the public, include:

### 1. Economic Self-sufficiency

Aim: To encourage greater Indigenous participation in the broader economy through Indigenous-owned enterprises.

- 1A. Enterprise Development—establish commercially viable enterprises that enable sustainable employment for Indigenous unemployed. Yarnteen Commercial Enterprises Pty Ltd is our investment vehicle.
- 1B Property Investment—increase our asset base to a size that will give leverage when establishing major enterprises. Yarnteen Pty Ltd is our property investment vehicle.
- 1C Indigenous Business Development—encourage and assist Indigenous small business through business support initiatives and partnership promotion.

### 2. Improved Social Well-being

Aim: To promote capacity within Indigenous communities, share information and encourage strong ethical leadership.

- 2A Digital Access Strategy—bridging the digital divide for greater access to information for community development.
- 2B Leadership Development—encourage and promote strong ethical leadership within the Yarnteen group and the community.
- 2C Partnership Promotion—promote valuable networks and partnerships between Indigenous and non-Indigenous people and organisations.

## **Organisational structure and relationships**

Over the years, as it has grown and reassessed its strategic direction, Yarnteen has diversified its organisational structure to respond to its changing strategies for achieving these goals. Yarnteen has incubated offshoot organisations to take over different parts of

its own functional operations. These are separately incorporated, but remain known collectively as ‘the Yarnteen group’ and the ‘Yarnteen family’ (Figure 2).

Through this networked organisational structure, Yarnteen has retained a strong relationship of mentoring and management support with these organisations. The ‘Yarnteen Group’ now includes:

Wholly-owned subsidiaries:

1. *Port Hunter Commodities Pty Ltd.* This is the bulk warehousing and commodity handling service that is a wholly-owned subsidiary commercial company of Yarnteen Corporation. Port Hunter Commodities commenced trading in 1994, providing bulk storage for grains, protein meal and fertiliser in three modern bulk warehouses with storage facility capacity for 70,000 metric tonne. It also operates an experienced quarantine management system, the only warehousing operation to do so in the Newcastle Port area.
2. *Riverside Car & Boat Wash.* This enterprise was established as a business opportunity in Port Macquarie to capitalise on the growing demand to conserve water in restricted areas and provide a customer friendly car wash service.
3. *Indigenous Creative Enterprise Centre.* This newly created enterprise addresses the ‘digital divide’ by offering the Indigenous community access to computers and technology for skills and small business development.
4. *Yarnteen Pty Ltd.* This is the Property Investment vehicle that enables Yarnteen to build an asset base for future investments.

Affiliated Organisations:

5. *Yamuloong Incorporated Association.* As an Aboriginal Registered Training Organisation, this devolved organisation provides nationally accredited training in Business Administration, Small Business, Governance, Tourism, and Information and Technology.
6. *Youlooe-ta Indigenous Development Association.* This organisation now manages the original Yarnteen CDEP scheme as well as operating as an Indigenous Employment Centre. It runs a conference facility, Aboriginal bush foods centre for school groups, and training and mentoring services.
7. *Arwarbukarl Cultural Resource Association.* This is a dedicated cultural organisation based at the Yarnteen head office. Its main activities are ‘protection

and continual practice and teaching of our culture and the revival of the local Awabakal language’.

At one stage Yamuloong and Youloe-ta were wholly-owned subsidiaries of Yarnteen. In 2004, Yarnteen undertook an internally instigated review of its own structure and functions, and decided to minimise any possible risk to its economic and business enterprises by setting up two other organisations to undertake more community-based and employment/training services. These were then separately incorporated as organisations with their own boards.

Over the course of its operations, Yarnteen has also assisted individuals with business start-up, advice, and mentoring. These incubated enterprises include: an Indigenous building company, a transport company, cultural tourism accommodation, and a plumbing business. These operate as self-employed businesses.

These organisations and business initiatives have been incubated out of Yarnteen, in the same way that Yarnteen was itself originally incubated out of Awabakal Co-op. This strategy of ‘planned organisational devolution’ or ‘strategic incubation’ has been partly the product of the organisation’s ongoing attempt to balance social and community goals and demands with its goal of achieving economic and financial independence.

A feature of Yarnteen and its ‘family group’ of organisations is the stability of its senior management and staff. Some individual staff have been employed by the organisation for as long as the original Board members. Of the 37 people that the Yarnteen Group employed full-time in 2003–2004 (Annual Report)—including senior management and office staff—29 were Indigenous and 8 non-Indigenous, which is evidence of a very high level of Indigenous participation and employment. This figure includes 24 males and 13 females—women are in management as well as office staffing areas.

### **3. THE BOARD SELF-EVALUATION TOOL**

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As part of the research into Yarnteen’s governance arrangements, Board members were invited to participate in a short survey—a ‘*Board Governance Effectiveness Quick Check*’—which focused on eliciting their views and self-evaluation of the effectiveness of the Board overall. The *Quick Check* was adapted from a very useful survey evaluation tool<sup>1</sup> developed by the Canadian Institute on Governance (IOG), which is publicly available on their website at <<http://www.iog.ca/boardgovernance/index.html>>. I customised the survey questions and their verbal delivery (as to language style and

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<sup>1</sup> There are a range of such Board evaluation tools available on the web.

focus) to better suit Australian Indigenous cultural and governance systems. The statements contained in this adapted document are provided below.

Each Board member was asked to provide a personal assessment of how well the Board as a whole addresses a particular key issue set out in each of 15 statements. Each statement is posed positively and deals with an aspect of governance performance by the Board as a whole, not individual performance.

These statements were read out by the researcher, and each member was then asked to elect a category of response; namely whether they: 'Agree', 'Agree Strongly', 'Disagree', 'Strongly Disagree' or remain 'Indifferent'/'Undecided' with respect to each statement.

The researcher copied down each reply onto a separate sheet for each Board member, who could see each question and the columns that were being ticked. Names were not identified on sheets.

The general idea behind the survey was discussed with each Board member, as well as how it would be carried out and comparatively analysed. Examples of other types of statements (unrelated to governance or Indigenous issues) were discussed with each person first, in order to give examples of how the rating system worked. For example, extremely positive statements about general community issues that resident of Newcastle would likely have opinions on were discussed—e.g. 'Teenagers in Newcastle families do what their parents tell them' and 'The Newcastle police force is well organised and effective in reducing crime'.

The topics covered in the *Quick Check* statements correlate with what are generally believed to be important areas of sound governance by the board of any organisation, not just Indigenous organisations. The statements focus attention onto the overall performance of a Board, the processes it uses, its relationships within the organisation and beyond, Board capacity and commitment, and future challenges. For example, the statements asked Yarnteen Board Members to give their views about:

- Board training and professional development
- the Board's strategic direction and mission
- the Board's relationship with the Executive Director
- their understanding of the organisation's financial soundness
- Board roles and responsibilities
- the management of organisational resources
- the organisation's relationship with key stakeholders
- Board code of behaviour and dispute management
- Board meetings and decision-making



- organisational stability and innovation
- leadership and succession.

Each survey was facilitated by the researcher in a private session with each Board member. In this way, individuals could put forward their own ratings and views. In other words, each session incorporated a survey component, as well as a more informal qualitative discussion around issues raised by each of the statements. These discussions were recorded as additional explanatory notes for each statement.

Given the tendency of people everywhere to respond to questionnaires by providing the answers that they think people want to hear, or to provide the most favourable assessment (see Smith (ed.) 2000: 19–20; Hunter and Smith 2000; Plumptre 2006: 3), the informal discussions held in conjunction with rating each statement enabled individual members to set out their own thinking behind each rating, and to provide a more nuanced consideration of the complex issues involved. Confidentiality of individual responses was guaranteed and encouraged frankness.

A strong feature emerging from the survey/discussion sessions was the evident degree of mutual trust between Board members—all Board members were enthusiastic about discussing the issues raised, and did so with considerable candour. While many were extremely positive in their appraisal of the overall performance of the Board, interestingly, when issues of concern were raised they were common across members and were discussed with equal frankness. The facilitation by the researcher of the process was an advantage, enabling fuller responses to be documented about possible options for building on perceived strengths, and addressing future challenges.

The short survey is not a detailed analysis of governance effectiveness. It gives a quick impression of a Board's own evaluation of how well it is governing. Members' answers to the questions helped identify challenges for the future of the organisation and for ongoing Board governance.

The responses of each member were collated by the researcher. A simple comparative analysis of responses was then carried out. The results were then couched within the context of the views and issues raised during general discussions with each Board member. This analysis was incorporated into a final report and verbal feedback provided to the Board and Executive Director which, in turn, enabled further discussion of the report's findings and recommendations.

#### 4. PRESENTING THE RESULTS

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The remainder of this report presents a comparative analysis of the aggregate responses of Board Members to the survey, framed by information provided during associated discussions.

Overall, Board members' evaluation of how they work together and govern is overwhelmingly positive. The great majority of the 15 statements were answered by members either as 'Agree' or 'Strongly Agree'. In other words, every individual agreed very strongly with a positive statement about the overall Board's work, role and responsibilities, and relationship with management and staff. Importantly, the high self-evaluation ratings were confirmed by staff in separate discussions and by external stakeholders.

Such a positive consensus is, by itself, an important indication of successful governance by the Yarrteen Board. As is the fact that the Board was prepared to participate in what is potentially a sensitive self-assessment process, one which not many Boards engage in.

The sections below set out the:

- (a) The specific *Quick Check* statement
- (b) A brief discussion of why that particular governance issue is broadly seen to be important for the successful operation of any Board and organisation
- (c) A summary of what Yarrteen Board Members collectively think about the issue
- (d) Where relevant, any recommendation for consideration by the Board and Executive Director.

#### 5. TRAINING FOR BOARD MEMBERS

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**The Quick Check statement:**

*'This organisation's training and induction for board members prepares them properly to carry out their governance responsibilities—to do their job well as a board'*

**Why is this important?**

A good orientation program and periodic executive training are essential to ensuring strong participation and decision-making by boards.

When the board members of an organisation do not understand their role and responsibilities, or do not have the skills and knowledge needed to govern their organisation, then that organisation is likely to fail.

If a board doesn't understand what 'good governance' means for its organisation, or doesn't know how to go about building it, then there will be no target to shoot for, and board members will not be able to do their job effectively.

### **Yarnteen Board View:**

This was one of a few questions where there were different opinions amongst individual Board members. Overall, members felt there had been opportunities for group training, and that they had all learnt 'on the job' from each other.

However, individual members also said that they had different needs. Some Board members have considerable experience in big organisations; others have experience in the community working informally with families and networks. This varied experience has brought a combination of important skills to the organisation, but it also means that some Board members would appreciate having individualised professional development tailored to their needs, that would further support their governing roles. Examples mentioned included public speaking, chairing, and facilitation skills.

### **Recommendations:**

1. The Executive Director should consult separately with Board members to identify areas of professional development and specific governance skills in which individuals might want additional training.
2. Members of the Board appreciate learning new skills and developing governance approaches as a group, and in the context of their work meetings. The existing governance strengths of the Board could be further reinforced by the Director and Chair facilitating discussions and training sessions focused around governance issues that are identified by the Board as useful to their ongoing roles and responsibilities.

## **6. STRATEGIC DIRECTION**

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### **The Quick Check statement:**

*'This board is actively involved in planning the direction and priorities of the organisation'*

**Why is this important?**

‘Strategic direction’ is where leaders and managers have a broad and long-term view of their own development and governance goals, along with a sense of what is needed to make such goals happen.

If an organisation doesn’t know where it is headed it will fail. To move forward, an organisation also has to know where it stands at the present and where it has come from.

If the people steering a boat are rowing in different directions, then the boat will just go around in circles and get nowhere. The same applies to organisations. Members of a Board need to pull in the same direction, and share the same vision for their organisation.

**Yarnteen Board Views:**

All Yarnteen Board members were very positive in their responses to this statement. They feel actively and consistently involved in planning the direction and priorities of the organisation.

Board members consider they take collective responsibility as stewards of the organisation. They feel strongly that they work well together to plan realistically, and steer a future direction for Yarnteen.

All Board Members appear to take their leadership role seriously and are keen to promote the best interests of the organisation and its staff. They see Yarnteen as continuing to make a major contribution to the wider Indigenous and non-Indigenous community and surrounding region over the years to come.

**7. BOARD VIEW OF EXECUTIVE DIRECTOR’S PERFORMANCE****The Quick Check statement:**

*‘The board does a good job of evaluating the Executive Director’s performance (i.e. assessing the results achieved by the Director against the organisation’s goals and strategic plan)’*

### **Why is this important?**

Evaluation and feedback from a board enables management to stay on track with their work.

However, some boards do a poor job of evaluating the performance of their executive managers. Some do not give any feedback at all; others do it in an *ad hoc* way and often only when things have started to go wrong.

Many boards don't have an agreed process for undertaking an assessment of their CEO's or Director's performance, nor do they have an agreed way of presenting their evaluations to executive management.

This causes tensions. If review and feedback are not given, then poor management performance can often go unchecked and good management performance is not given the necessary reinforcement.

Also, when a board provides considered feedback to executive management this creates an opportunity for management to do the same. This allows differences and misunderstandings to be sorted out before they become entrenched.

### **Yarnteen Board Views:**

All Yarnteen Board members were of the opinion that they do a good job of evaluating the performance of the Executive Director. By and large, the Board provides feedback informally, through personal interaction and comment.

The Board were unanimous in their resoundingly high evaluation of the performance and the leadership roles of both the Executive Director and the Chair of the Board.

Board members described the Executive Director's abilities as extremely high, and viewed them as directly linked to the strong results achieved by the organisation. The Board recognised the value of the Executive Director's considerable financial and corporate expertise, her wider economic development and Indigenous affairs experience, high level of professional management skills, and extremely positive relationship with the Board, senior managers and staff.

There is an extraordinary level of confidence held by the Board in the capacity, wisdom, and commitment of Yarnteen's Executive Director and the Chair of the Board. This represents a very important strength for Yarnteen—one that is difficult for many international companies to achieve.

**Recommendation:**

3. It is important for every governing board to have a formal procedure for evaluating and providing feedback to its executive management. It is clear that the Yarnteen Board feels extremely positive about the performance and commitment of its management team. However, as part of the future development of its governance procedures, the Board should consider establishing a slightly more formal, collective approach to their review of executive management performance.

For example, the Board could agree to put aside time once a year at a Board meeting to develop a set of performance criteria that they see as relevant, discuss these amongst themselves, and then collectively provide feedback (verbal and/or written) to the Executive Director at a subsequent board meeting. Such a process would serve to reinforce the ongoing good work of executive management, and would engage Board members in a vital governing responsibility.

## 8. BOARD PERCEPTION OF THE FINANCIAL VIABILITY AND STABILITY OF YARNTREEN

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**The Quick Check statement:**

*'This organisation is financially sound—being financially well managed and economically viable. The board understands and is engaged in planning its financial and economic future'*

**Why is this important?**

Many organisations fail because their boards do not understand the financial side of their operations. For example, board members do not understand their own financial and fiduciary duty, they do not understand the organisation's financial conditions, the financial advice they are given by management, or the business initiatives they approve.

When boards fail to ensure that funds and resources are used for the purposes intended by their plans and policies, or when individual board members treat the organisation's financial resources as their own private monies, then that organisation will quickly fall into financial problems and disrepute.

Board members who don't ask questions of their CEO about financial issues, don't get answers, and are failing in their duty of care for the organisation.

### **Yarnteen Board Views:**

This situation is not the case with Yarnteen. Board members gave the strongest positive rating of the current financial viability and stability of Yarnteen, and demonstrated detailed understanding of the organisation's financial structure, portfolio and challenges.

Board members are confident about the financial information and planning advice they are given by the Executive Director and Chair (which is made available in a number of different accessible formats for members; see Armstrong 2003). Members feel that as a Board, they receive comprehensive information about the organisation's financial status and proposed new initiatives. The Executive Director of the organisation has substantial financial experience and skills, as does the Chair of the Board.

Board members all stated that they put in considerable time at their meetings discussing financial risks, and feel that their business development transitions are well managed. Members overwhelmingly see the Board as playing a strong financial stewardship role for the future economic health of the organisation.

All members are keen for Yarnteen to become the base for achieving future economic independence for their families and community. Board members appear to have remained strong in their determination to support a long-term financial strategy to achieve that economic goal.

Some members pointed out that you can never be totally sure about future markets and the risks associated with new business opportunities. An important point in these comments is that members share a realistic view of the financial stability of the organisation, in their own financial and monitoring capacity as a Board, and in the capacity of Yarnteen's management to be able to collectively weather future financial risks and uncertainty.

## **9. CLARITY OF BOARD ROLES AND RESPONSIBILITIES**

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### **The Quick Check statement:**

*'Board members demonstrate a clear understanding of, and support for, the different roles and responsibilities of the board and the executive management'*

**Why is this important?**

An area of major difficulty for many organisations comes when a board confuses its own role and responsibilities with that of its executive managers, and the board starts interfering in the day-to-day running of the organisation.

This is like having the coach of a football team run onto the playing field in the middle of a game, and start acting as if they are the captain of the team, or one of the players.

The job of the coach is to set the overall tactics for each game and the team's objectives and strategies for the whole year. The coach makes sure the captain performs his role well and that the players train properly. Once the game starts, the coach lets the captain and players get on with the game.

This is called a 'separation of powers' and the same applies to the different respective roles of a board and executive management.

A poorly defined division of roles and powers between a board and management is a recipe for organisational chaos.

**Yarnteen Board Views:**

The responses of the Yarnteen Board members to this question indicate that this difficult governance issue has been well managed within the organisation.

All members selected the strong positive rating for this statement, and indicated that they understand, and attempt to support, the distinction between the Board's role and responsibilities, and those of the Executive Director and senior management.

Board members have a clear idea of their own role as being that of focusing on setting policy and making the 'big decisions' about the overall direction of Yarnteen. They happily let the Executive Director and senior management get on with their job. The members also have an appreciation of each others skills and experience, and how these contribute to making the Board collectively strong in its stewardship role.

Board members commented that there is a process of ongoing reinforcement of different roles and responsibilities within the organisation, and that there is the opportunity to ensure new staff know what their respective roles are.

Some members of the Board have previously been staff of the organisations and then come onto the Board as members. A couple of current members are also concurrently



working as staff of Yarnteen, or one of its affiliated organisations. The international governance literature often cites this as a potential cause for conflict of interest and problems (e.g. for management in directing individual staff when they are also members of the governing board or for other staff). Interestingly, discussions with members, individually and collectively, provided a different view of this issue. The emphasis was decidedly on the benefits for the Board of having as members, some people who were also long-term staff members and who therefore had ‘on the ground’ experience of the organisation to feed into Board discussions. Board members viewed this issue as being of a different order from the need for a clear separation of powers between the Board and the Executive Director.

**Recommendation:**

4. All organisations change and enter into new stages of development. At such times, it is important to reaffirm that a Board’s role continues to be that of focusing on the big picture and future directions. New Board members, management and senior staff members of Yarnteen should be taken through an induction course and made aware of their relative roles and responsibilities, as a way of reinforcing the ongoing separation of powers.

## 10. USE OF ORGANISATIONAL RESOURCES

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**The Quick Check statement:**

*‘The organisation’s resources are managed and used efficiently and properly—you are getting good value for money spent, and your resources are used in ways that have been planned’*

**Why is this important?**

Resources are not just about money. Resources include an organisation’s human, financial, cultural, intellectual, technical, and information resources. Resources are often scarce and need to be strategically and fairly managed.

If an organisation does not manage its resources well, then those resources will be wasted or put to uses that do not deliver the outcomes people want.

A board that does not spend enough time developing policies for the management and use of the organisation’s resources is headed for financial problems.

One of the biggest causes of conflict within organisations are problems to do with access to, and use of, resources. These conflicts often spread out to the wider community.

**Yarnteen Board Views:**

Through their responses, the Board members indicated they feel there is a good balance in how Yarnteen's collective resources are managed, allocated and used. The organisation has written business and strategic plans, and annually reports on financial and enterprise outcomes.

Yarnteen has several successful enterprises and holds valuable assets (human, property, cultural, and financial). There are many different demands on these from the wider community.

The Board appears to have developed sound policies regarding how it can respond to these demands in a balanced way, and without jeopardising the organisation's financial viability. For example, it provides a wide range of services and support that are accessible to all community members, including: group training, conferencing facilities, financial support for community events, business mentoring, it provides financial and office support for a cultural resource centre, it has run women's leadership groups, it operates a bush foods centre that is used by schools and local community groups, and its CDEP, employment services, and cultural retreat centre are open to all Aboriginal residents of the town.

At the same time, the Board has clearly spelt out what their core business is: creating economically successful enterprises, mentoring Aboriginal business, and building a strong economic future for its members, and via that goal, for the wider community.

The Board appears to carefully scrutinise the allocation of the organisation's resources. Members monitor financial statements and proposals to use resources and appear vigilant in assessing the risks involved. The Board appears to have achieved a sound balance between being entrepreneurial and managing financial risks. This is a difficult balance for any organisation to achieve.

## 11. BOARD CREDIBILITY WITH KEY STAKEHOLDERS

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### **The Quick Check statement:**

*'The board has high credibility with key stakeholders such as funders, businesses and the wider community in which it operates'*

#### **Why is this important?**

An important role of a board is to negotiate and maintain good relationships with its wider constituency and the many influential stakeholders with an interest in the organisation.

When a board gains a reputation for effectiveness, stability, sound planning and risk management etc., the organisation is seen to be an attractive investment (not just a financial one, but a social investment too).

When a board loses its credibility with external funders, businesses and the wider community, the organisation as a whole will lose credibility.

As soon as an organisation loses its public credibility, external agencies and governments start to impose greater restrictions on it. Soon the organisation goes into a downward spiral where it loses its independence, and its future agenda is set by outsiders.

If a board does not have wider community support it can still survive, but some organisations have become vulnerable to destructive actions by external groups and factions who want to change or takeover the organisation.

### **Yarnteen Board Views:**

Board members had different responses to this question depending on which particular stakeholders were being discussed.

All members have extremely positive views about the high level of trust and credibility that the Board, management and the organisation as a whole have established with outside funders, the private sector and clientele. This perception is confirmed by outside stakeholders. Yarnteen has an extremely good reputation for its corporate governance, enterprise success, community service provision, and its innovative partnerships. The organisation's executive management and Board members have established strong networks within the wider non-Indigenous business community of Newcastle and the

state. Several Board members and management also have long-standing connections to national industry bodies, national boards, and influential business groups.

As a result Yarnteen is seen by influential external stakeholders as being something of a model for other Indigenous organisations. It is certainly viewed as a sound investment opportunity by business interests. This is a tribute to Yarnteen's Board, leaders and management.

Members expressed their awareness that not all members of the Aboriginal community are supportive of Yarnteen. All Board members stated that they try to fairly support the wider interest and groups comprising Newcastle's Aboriginal families. However, it was also felt that Yarnteen's economic success has been the cause of some jealousy amongst certain sections of that community.

The Yarnteen Board and management have consciously attempted to ensure the organisation is not economically undermined by external community tensions and jealousies. The organisation's leaders have tried to insulate the organisation from external conflicts and 'social stripping of assets' by: keeping Board representation focused on the initial group of several large extended families; by keeping the number of Board members at 10; ensuring there is an even representation of the major families; and sticking to their core business of economic and enterprise development whilst making sure the organisation positively contributes to community development when it is able to.

**Recommendation:**

5. The organisation's Annual Report and published corporate profile indicate that it contributes a great deal to the wider Aboriginal community in Newcastle and the surrounding region. It has carved out a balance between promoting community development and ensuring that its core business and future economic development goals are kept on track. To date this approach seems to have worked well.

It will be important for the organisation to reinforce and form ongoing strategies to insulate Yarnteen from divisive external conflict or interference, and maintain the important distinction between its community and economic development work.

## 12. BOARD COMMITMENT TO THE ORGANISATION'S MISSION AND VALUES

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### The Quick Check statement:

*'Board members demonstrate that they have a commitment to the organisation's mission and to its shared values, and play a strong role in reinforcing those within the organisation'*

#### Why is this important?

You cannot expect the staff and management of an organisation to commit themselves to its mission, values, and goals if its Board does not.

If the Board of an organisation does not develop and stick to a core set of values about what kind of organisation they are, then the staff and management will be confused about what they are supposed to strive for themselves. In such a void, managers and staff will seek to assert their own values and objectives for the organisation, which may be contrary to its overall mission and goals.

An organisation with a strong set of shared values and with a common commitment to a future goal is more resilient and likely to be successful.

### Yarnteen Board Views:

All Board members stated very strongly that they share a clear mission, which they have been engaged in developing and refining from the earliest days of the organisation. Every Board member was able to explain what that common objective was, and to describe the kinds of values and institutions that characterised the way the organisation works. Members clearly felt they play an important role in reinforcing core organisational values, and in keeping its overall mission on track.

The Board members, Chair of the Board, and the Executive Director have created a strong bond and sense of teamwork around a shared mission. They have also created a strong internal 'culture' within Yarnteen, comprising a set of values and behaviours that inform every aspect of its operation. This is extremely hard for any organisation to generate and sustain.

It is clear from the research that the staff of Yarnteen feel included in this mission, and that a culture of teamwork and individual commitment has taken root amongst staff, who commonly describe the organisation as being 'one big family'. As a result, staff

and managers are personally committed to working with the organisation over the long term. In comparison with many other organisations, Yarnteen has a very low turnover of key staff. Through their own behaviour and values, the Board, Chair and Executive Director have created a sense of stability within the organisation. This is rare in most organisations.

### 13. BOARD BEHAVIOUR AND CODE OF CONDUCT

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#### **The Quick Check statement:**

*'Board members conduct themselves in a way that accords with the important governing rules and procedures of the organisation, and have helped to formulate the key policies that set out the by-laws and rules, and their shared code of conduct'*

#### **Why is this important?**

Organisations with board members who ignore their own policies, circumvent or undermine their own decisions, or suspend the rules for their own benefit, become organisations where staff, stakeholders and community constituents lose faith in the integrity and credibility of the organisation.

When board members provide a poor role model in terms of ethical behaviour, then staff tend to follow suit. In this situation, demands by external agencies for greater accountability will increase.

Alternatively, if members of a board provide a strong role model, staff will follow suit, and external investors and stakeholders will respond positively.

#### **Yarnteen Board Views:**

Yarnteen Board members' response to this issue was overwhelmingly positive, whilst acknowledging that there are many difficult demands placed upon them as Board members.

The Board has developed a policy position emphasising that the personal or political agenda of individual members should not interfere with their responsibilities to the overall mission and health of the organisation.

Board members feel that working together as a team they have been able to stick to that policy. Members stated that they each feel part of a collective effort to support the best interests of the organisation, and to provide an ethical Aboriginal role model for staff.

From discussions with staff it is clear that they see the Board as a very, positive role model for their own behaviour. This is an important achievement, and has encouraged a high level of loyalty and commitment amongst staff.

#### 14. CONFLICT BETWEEN BOARD MEMBERS

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##### **The Quick Check statement:**

*'The board's capacity to govern effectively is not undermined by conflicts or differences of opinion between members'*

##### **Why is this important?**

All organisations experience difficult times and tensions between particular people. Board members may have differences of opinions about future directions, resource allocation, and economic strategies.

But ongoing conflict between the members of a board will undermine the board's overall capacity to govern well. If tensions or important differences of opinion are left unresolved, the level of trust and honesty between board members will be less.

A board which can address internal conflicts or differences amongst its members, or between board and management, will build greater faith in its own capacity to deal with other difficult issues and conflicts.

##### **Yarnteen Board Views:**

All the members stated that there is a strong culture of dealing tactfully with internal differences of opinions and tensions within the Board. It was acknowledged that such differences occur from time to time, and might in the future. But the Board also felt that their shared commitment, values and sense of working together as a team, meant that they have the internal strength needed to resolve misunderstandings and develop consensus.

There is a climate of extremely open communication and cooperation between the members of the Board, and between the Board and executive management. The Board's own self-evaluation is that it is able to sensitively talk through issues together. This effective communication within the Board—reinforced through a highly valued, shared sense of humour—is a major strength in Yarnteen's governance.

Yarnteen staff and middle management view the Board members and leadership as playing an extremely positive role in mediating tensions and supporting the smooth running of the organisation. As a result of this open communication, and the culture of shared humour that is used to promote discussion, Board members feel that when difficult issues or decisions do arise, they are collectively able to come to a consensus, and then let management get on with the job.

## 15. THE RELATIONSHIP BETWEEN THE BOARD AND EXECUTIVE MANAGEMENT

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### **The Quick Check statement:**

*'There is a productive and positive relationship between the board and the Executive Director, characterised by good communication, trust and mutual respect'*

#### **Why is this important?**

Good communication, trust and mutual respect between a board and its executive management is essential to good governance.

When there is poor communication and low mutual respect, an organisation will begin to travel in directions that are contrary to board policy and overall vision.

A CEO or Executive Director may be performing well, but may not be adequately informing the board of risks and outcomes. A board that is poorly informed, and cannot communicate its decisions clearly to the CEO and senior management, will become marginalised and ineffective in governing the organisation.

Honest, regular and informative communication between a board and executive management is an essential foundation for achieving goals, as is having mutual respect for each other's role, knowledge and responsibilities.

### **Yarnteen Board Views:**

All the Board members responded in the strongest terms that they view their relationship with the Executive Director, the Chair of the Board, and with senior management as being extremely positive. Board members stated that this relationship



lies at the heart of the strength and success of the organisation. The level of trust and respect is evident.

Members strongly support the role of the Executive Director and feel it is important not to interfere in that. In turn, the Executive Director acknowledges the important steering and policy role of the Board, and respects members' views and decisions. As a result the Board, Chair and Executive Director communicate well together, have enormous confidence in each other, and can work as a team to respond to new ideas or deal with stubborn problems.

This means that Yarnteen has been able to develop a working environment where all parts of the organisation feel they have strong leadership, and that their personal ideas and contributions are recognised. The Board, in turn, feels that when they make a decision, it will be properly implemented and followed through.

## 16. BOARD CAPACITY TO HANDLE UNFORESEEN CRISIS

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### **The Quick Check statement:**

*'I am confident that this board would effectively manage an organisational crisis that could reasonably be anticipated'*

#### **Why is this important?**

The world is changing fast. No organisation stays the same—new markets, political environments, and challenges mean that organisations have to be able to respond accordingly. Governance arrangements do not need to be stuck in concrete.

The governance of an organisation has to be appropriate for the different stages of its development. If an organisation doesn't recognise when it needs to change, it will get overtaken by external realities and lose important opportunities.

A crisis is usually the hardest time to get thoughtful decision-making happening. If an organisation has already created sound decision-making processes, and has built up a culture of trust and good internal communication, it will be in a much better position to handle crises when they come along.

**Yarnteen Board Views:**

The Yarnteen Board members overwhelmingly feel they have built up strong collective skills in handling crises and changes. Honest good humoured communication, teamwork, and a shared vision for the future, are seen as having created a resilient and flexible Board.

All members felt very confident in the leadership capacity of the Chair of the Board and the Executive Director to handle crises, and to include the Board in developing strategies for handling difficult situations.

There is recognition amongst members of the Board that major problems could arise because of current Australian government policy and funding changes. Members feel that the Board and senior management are well equipped to steer the organisation through these changes. But there is also concern about the considerable power that is held by governments over Aboriginal organisations and people's lives. For that reason, the Board members feel that it is particularly important for Yarnteen to stick to its vision of self-determination through economic independence.

**17. BOARD MEETINGS AND DECISION-MAKING****The Quick Check statement:**

*'Board meetings are well managed, and the board uses sound decision-making processes. For example, there is a focus on board responsibilities, provision of factual information in an accessible format, follow-through and reporting back on implementation, and good use of time'*

**Why is this important?**

Poorly run board meetings and poor decision making lead to poorly run organisations.

If a board does not follow its own meeting rules, if meetings are badly managed, if there is erratic board attendance, low levels of participation by some members in discussions at meetings, or too much dominance by others, then the organisation will have trouble reaching its goal and board members' contributions will be wasted or overlooked.

If a board cannot reach decisions, or fails to support the implementation of its own decisions, then management and staff will become increasingly unclear about what they are supposed to be doing in their own work. Once that happens, an organisation will fail to get the outcomes it is seeking.

### **Yarnteen Board Views:**

All Yarnteen Board members feel they have extremely well-run meetings. Members said they are properly serviced with clear information, a good agenda and papers, and comprehensive advice from the Executive Director and Chair. Records confirm there is consistent attendance of members at Board meetings.

The view of members is that there is proper focus on issues during meetings, and that individuals come prepared to do their job. The good humour and cooperation displayed at Board meetings was frequently mentioned (and evident) as being an important factor behind the success of meetings.

Members all said there is a high level of open and honest discussion at meetings. All emphasised that they take a consensus approach to decision-making—talking through the issues and expressing their different points of view, and then coming to a shared decision. Once a decision is made, Board members think it is important to stick to that agreed position.

Individual members said they feel able to make a contribution to discussions during Board meetings, and that their ideas and views are respected and listened to. Members do not see themselves as simply rubber-stamping management recommendations. Rather, they see themselves as taking a strong role in setting future directions, based on the available information and assessing the risks that might be involved.

## **18. THE BALANCE BETWEEN ORGANISATIONAL STABILITY AND INNOVATION**

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### **The Quick Check statement:**

*'There is a good balance between organisational stability to build on the organisation's existing strengths, and being innovative and able to respond to new challenges and opportunities'*

### **Why is this important?**

Organisations that lurch from crisis to crisis, which have a high turnover of staff and board members, which have continuously changing structures and policies, and poor management of organisational change, quickly lose their direction and focus.

High turnover of management and staff means an organisation loses important corporate knowledge. A high turnover of board membership can create a loss of confidence amongst staff and key external stakeholders.

On the other hand, an organisation that sticks to its own 'comfort zone' and is not prepared to take on new challenges or adapt to new conditions, will get passed over by more innovative organisations.

Good governance is about working out the balance between the need for stability and consolidation and the need for renewal and experimentation. At different stages of an organisation's life the balance will be different.

### **Yarnteen Board Views:**

Yarnteen organisation is characterised by extraordinary stability in its Board membership, management and staffing. This is extremely rare in organisations and deserves recognition and reinforcement. All the members are clearly proud of their record of long-term work on the Board, and their role in building an economically successful organisation. They see the stability of Board membership over a period of 14 years as having provided a critical foundation for the organisation's success, and directly contributing to the internal culture of cooperation and shared commitment.

At the same time, the Board and management also seem to have achieved an effective balance between stability and innovation. The Executive Director and Chair of the Board play an important role in identifying new economic opportunities. They also appear to put considerable effort into making realistic, hard-headed assessments of the associated risks and benefits of existing and new economic initiatives. This information is provided to the Board so that they can make informed decisions.

This means that Yarnteen has not become stuck in outdated practices. The Board, backed by sound financial advice and strategies from executive management, has been prepared to take calculated risks. As a result, the organisation has stayed on the front-foot in its economic development. But it also means that when some initiatives or organisational arrangements have floundered, or started to look less than robust, the Board and executive management have been prepared to make tough decisions and institute changes.

Board members understand the hard work involved in this, but state they are committed to achieving their long-term goals of economic independence.

## 19. LEADERSHIP SUCCESSION

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### **The Quick Check statement:**

*'The board encourages and mentors the next generation of future leaders, board members and managers for the organisation'*

#### **Why is this important?**

Every organisation needs to mentor the next generation of leaders and governing members if it is to have a life beyond its current Board membership.

An organisation which fails to make plans for inter-generational change limits its ongoing development. Without such planning for the future, in times of crisis there will be few people who have been trained to take on the workload of leadership. It also means that when new people do come into membership roles on a board they might not share the common vision and goals that have been established.

The sustainability of an organisation's economic success is only as strong as its next generation of leaders. Organisations that continue to thrive are those that have worked out a plan for mentoring younger people into the roles and responsibilities of Board membership, leadership and management.

### **Yarnteen Board Views:**

Board members indicated they are aware of the need to address the mentoring of a younger generation of leaders to take up future positions on the Board. Some work has been carried out in trying to develop the governance skills and capacity of young people in the community, with specialised small groups focusing on the roles of young men and women.

One challenge identified by some members is in finding younger people who are prepared to commit themselves to the vision, work and future direction of Yarnteen. Another issue identified by some members is that having younger people come onto the Board might suggest that the older generation of members are unwanted or obsolete. In

fact, the opposite is the case. If young leaders are to learn their job and adopt a common vision they need support and direction from their more experienced elders in the organisation. Organisations such as Yarnteen will always need the guidance and expertise of their foundation members.

There are innovative ways of tackling these concerns. Firstly, succession is not something that should be forced—it is a process. The current number of representatives has been carefully negotiated over a decade, for good strategic reasons. Their replacements need equal consideration and mentoring.

Strategies for leadership succession on the Board therefore need to be well planned. There are useful approaches to these situations. For example, young people could be brought in for short periods of time as ‘understudies’ or ‘apprentices’ to shadow the work of Board members and gain governance skills and knowledge. ‘Apprentices’ could be mentored by individual Board members. A group of apprentices could be given specific projects to work on that will support particular goals of the Board. Yarnteen could run a shadow ‘youth board’ where a young generation of future leaders practice the conduct of Board meetings, and decision-making around identified projects.

Current Board members have enormous experience, skills and knowledge. If a member decides to retire, it should not mean their expertise and knowledge is lost to the organisation. Retiring Board members could continue to play a valued role advising new members and mentoring. They could be constituted as a Foundation Membership Group and given a role related to that. New members could continue to represent the Yarnteen family groupings, so that important connections between incoming and retiring members are maintained.

Out of all the matters raised in the Board self-evaluation process, the issue of leadership and Board succession is perhaps the major current challenge facing the organisation.

**Recommendation:**

6. The Board and Executive Director of Yarnteen could convene a special Board meeting to consolidate discussion and to plan strategies for mentoring a future generation of young leaders and executive managers for Yarnteen. At that meeting, the Board could develop an agreed ‘succession policy’ and identify resources required.

## 20. CONCLUSIONS—OVERALL ASSESSMENT

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It is clear from the Yarnteen Board's self-evaluation and related discussions with the researcher, that the Corporation has developed effective and culturally legitimate governance practices and institutions. There appear to be several factors behind this. A critical factor is that the Board, Chair, and Executive Director of Yarnteen have worked very hard to create a strong internal 'governance culture' for the organisation.

Yarnteen's 'governance culture':

- emphasises the importance of intangible values such as loyalty, trust, respect, hard work and mutual support;
- reinforces individual commitment to a shared vision for the organisation, and places a high value on strong leadership, internal and external accountability, and the effective management of resources;
- endorses a positive approach within the organisation to balancing the demands between innovation and stability—a philosophy which has been referred to by the Executive Director as 'restless renewal';
- endorses a positive approach to balancing the need to respond to community needs and provide accessible services, with the long-term goal of generating and sustaining strong economic development outcomes;
- values and reinforces the importance of stability within the Board and amongst staff and management;
- values and reinforces the Board's central role in setting the future direction of the organisation, and its capacity to arrive at consensus decisions about how to progress that vision;
- recognises and strongly supports the fundamental role and expertise of its leaders; and
- values and respects the contribution of all staff.

Importantly, the 'good governance' that is evident in Yarnteen Corporation is not an imposed 'whitefella' ideal or structure.

Yarnteen's governance has been shaped by its Aboriginal traditions and values, by the Indigenous leadership of the Chair and Executive Director, the quality of the Aboriginal Board members and professional staff, and the extremely positive working relationships and mutual trust between staff, management and Board. The importance of a distinctly Aboriginal sense of humour and etiquette is ranked very high in its governance culture.

Yarnteen displays an extraordinarily resilient and successful form of governance that not only works in an Aboriginal way, but also meets the criteria for effective corporate governance that is required in any big international company.

Yarnteen's internal governance culture contributes enormously to its ongoing success in economic and community development.

Overall, good governance in Yarnteen is marked by the following characteristics:

- Experienced, honest and innovative leadership
- Role clarity and clear lines of accountability
- Strong Board capacity and role modelling
- A robust form of Board representation that distinguishes its extended family membership from its wider community constituency
- An internal culture of commitment to a shared future direction and vision
- Positive working relationships between the Board, Chair, Executive Director, management and staff
- A harmonious working environment where staff contributions are valued
- Effective processes for planning and monitoring the achievement of objectives
- A balance between stability, and flexible responses to environmental changes
- Capacity to manage and resolve disputes within the organisation
- Consensus decision-making, followed by efficient implementation of decisions
- Respect for organisational norms and values
- Adherence to a code of behaviour by Board members, management and staff
- A commitment to a balance between economic and community development outcomes, which ensures that enterprise success is fostered and sustained
- A high degree of key stakeholder support for its governance credibility and reputation
- Well-developed negotiation and mediation skills in dealing with external stakeholders
- An ability to network strategically into the wider regional and national economy
- Hard-working leaders, hard-working management, and hard-working staff—resulting in a capacity to get the job done.

The Yarnteen Board, Chair, and Executive Director have every right to be proud of this achievement.



There are also challenges ahead for the organisation. At a national level, Indigenous policy and program frameworks are changing rapidly and there is considerable uncertainty and pressure about ongoing sources of funding, and implementation of new forms of accountability.

Yarnteen will need to continue to steer a clear path through this uncertain environment, and stick to what it does best.

A big challenge in the days ahead will be leadership succession. The organisation needs to ensure that its good governance culture and skills are passed on to the next generation of leaders so that Yarnteen can continue to grow and achieve its long-term goals.

The *sustained* economic success of Yarnteen lies in: its committed leadership; its shared vision; the strength of its internal governance culture, which is culturally based and practically capable; its ability to link resources and opportunities in creative ways (including research support); and its strong, stable management. That is, Yarnteen successfully combines various types of human, cultural, natural, and financial capital to generate strong governance for economic development.

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