

# Module 1: Skills

## Governance vs operational

**Handout (link):** The *Distinguishing Governance from Management* (2008) edition of the Great Boards journal says:

'What is the difference between governance and management?' is by far the question that not-for-profit executives and directors ask most often. Effective boards understand the difference between governing and managing; dysfunctional boards do not.

Look at the difference between governance and operational, and the different issues each face.

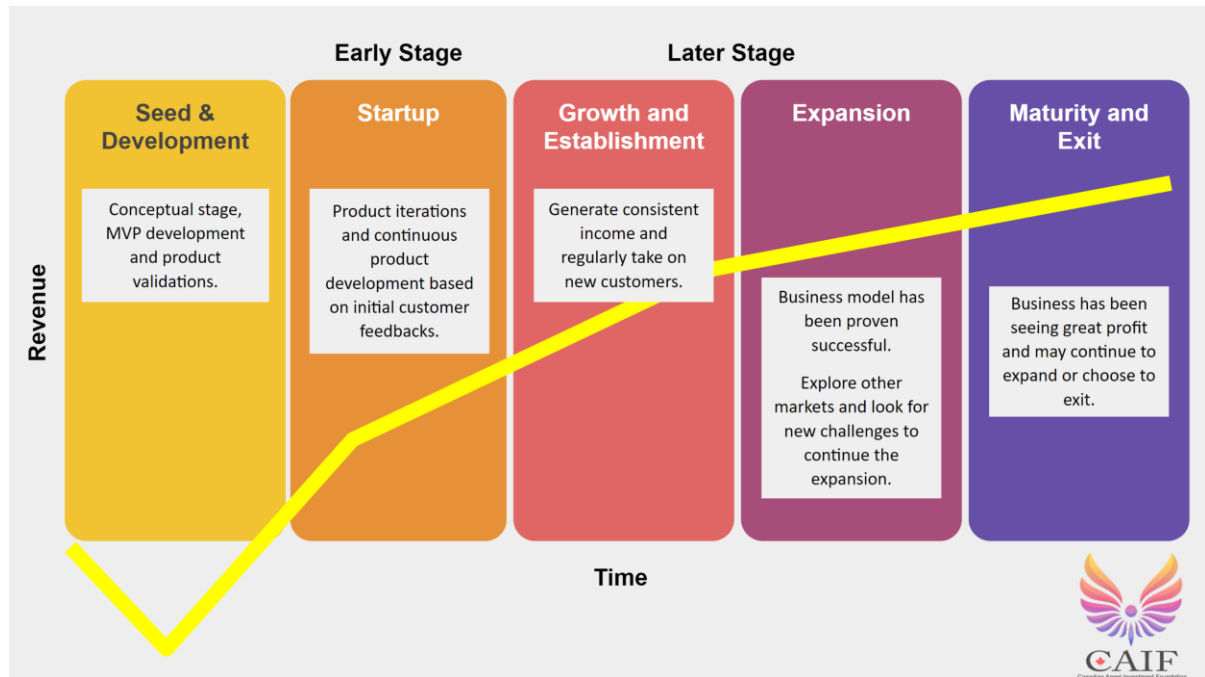
WHAT DOES THE BOARD DO?	WHAT DOES MANAGEMENT DO?



## Skills for each stage of the organisation’s development

The skills you need to govern an organisation might vary depending on what stage of development an organisation is at. For example, the governance skills required for a start-up might be different to the skills required for a mature organisation.

The Canadian Angel Investment Foundation describes these stages as:





## Let's think about these board skills...

Considering these slightly different development stage categories, write down what governance skills are required and where they align to the stages of development of an organisation.

STAGE	GOVERNANCE SKILLS REQUIRED
Seed and development or startup	
Growth and expansion	
Maturity	
Exit	



## Hard vs soft skills

One tool a board uses (or should use) to make sure it has ‘the right mix of competencies to meet the company’s evolving needs’ (AICD’s *Board Recruitment* factsheet) is a ‘board skills matrix’.

A board skills matrix often has a mix of hard (or technical) and soft (or EQ) skills. Your hard skills (e.g. stakeholder engagement, law, finance, people and culture) might get you the interview for the board, but your soft (EQ) skills (e.g. critical thinking, collaboration) are likely to secure you the role and lead to success in the boardroom.

Industry knowledge / experience	Director A	Director B	Director C	Director D	Director E	Director F	Director G	Director H
Industry experience								
Knowledge of sector								
Knowledge of broad public policy direction								
Understanding of government legislation / legislative process								
Technical skills / experience	Director A	Director B	Director C	Director D	Director E	Director F	Director G	Director H
Accounting								
Finance								
Law								
Marketing experience								
Information technology								
Public relations								
Experience in developing and implementing risk management systems								
Human resource management								
CEO / senior management experience								
Strategy development and implementation								
Governance competencies	Director A	Director B	Director C	Director D	Director E	Director F	Director G	Director H
Director – medium organisation (10 to 99 employees)								
Director – large organisation (100+ employees)								
Financial literacy								
Strategic thinking/planning from a governance perspective								
Executive performance management – management of the CEO								
Governance related risk management experience								
Compliance focus								
Profile / reputation								
Behavioural competencies	Director A	Director B	Director C	Director D	Director E	Director F	Director G	Director H
Team player/collaborative								
Ability and willingness to challenge and probe								
Common sense and sound judgment								
Integrity and high ethical standards								
Mentoring abilities								
Interpersonal relations								
Listening skills								
Verbal communication skills								
Understanding of effective decision-making processes								
Willingness and ability to devote time and energy to the role								

Source: Kiel, G., Nicholson, G., Tunny, J.A., & Beck, J., *Directors at Work: A Practical Guide for Boards*, Thomson Reuters, Sydney, 2012.





## Your hard and soft governance skills

Discuss examples of hard and soft **governance** skills. Answers to be discussed as a group.

HARD SKILLS EXAMPLES	SOFT SKILLS EXAMPLES

YOUR HARD SKILLS	YOUR SOFT SKILLS

