



Take on Board Podcast – Episode 368

Transcript – Helga goes solo: to pay or not to pay - there's a new tool for that

Hello, friends of the Take on Board community.

This week is the non-interview week, so you're hearing from me.

And I would like to talk about a new tool released by the Institute of Community Directors Australia, which talks about paying your board members, or not, as the case may be.

They're calling it the Board Payment Wizard, and I love it.

I'm going to share my screen a bit later so you can actually see the tool, but I'm going to talk you through it first because I feel like if I just share my screen and whiz through it, well, you know, we've all watched those videos, haven't we?

And you get a bit seasick.

So let me talk you through it first.

So first up, I think I've talked about paying board members on the podcast before.

I know it is a bit of a vexed question, query for a lot of organizations, particularly those in the for-purpose sector, because there is this, you know, we're here to do the good in the world.

If we're paying our board members, is that a good use of the funds that we have when we just want to, you know- Pursue whatever it is that is our mission and purpose and vision.

So what I love about this tool, the Board Payment Wizard, is that it takes you through some of those ethical dilemmas.

I am coming around to the view that paying board directors is a good thing if done well and if it supports diversity, equity, and inclusion in the boardroom, because traditionally board directors have been people who can afford to give away their time.

And as we are paying more attention to diversity and knowing the value of diversity and the value of those diverse views in the boardroom, we know that we need people that think differently.

Yet not everybody is able to afford to give away their time.

So what are we missing if we are not getting those people in the boardroom?

So, as I say, this tool, the Board Payment Wizard, steps you through it.

Uh, it starts with a statement around, "The world is changing.

Is your organization changing with it?" So talking through some of what I've just did-- said historically, uh, particularly not-for-profit board members have not been paid, but maybe that's something we need to think about.

Uh, so what's the purpose of the Board Payment Wizard?

Uh, it leads you through a series of questions and answers designed to help your organization decide whether you should pay your board members.

I've got it printed out here and reading off it, which is why I'm looking down when I do this.

So yeah, it takes you through some questions, and I'll give you a heads up in a moment about what some of them are.

There's two ways they recommend that you can use this.

You can either have all your board members as individuals go through the Q- Q and A separately, or you could meet as a group and go through it collectively, kind of like a, I don't know, like a board workshop that you self-lead your way through.

So like I say, it takes you through awesome questions.

Things like, "Is your organization allowed to pay directors?" And depending on if you click on yes, no, or don't know, they give you some prompts.

Again, I'll show you some of that in a moment.

"Can your organization afford to pay directors, or could you raise extra funds for this purpose?" Again, prompts around whether you tick yes, no, don't know.

"What is your organization's annual turnover?" I love this.

Uh, extra small, that is less than \$50,000 turnover, small 50 to 250K, medium large, and extra large.

And again, once you play with it, you will see that those extra small organizations very rarely pay their directors.

And if you've got less than 50,000, I guess that makes sense.

Um, do you struggle to recruit and retain high-quality board directors?

Yes, no, uh, don't know, then prompting things to think about.

Um, do you have consumers on your board?

That is, people who are part of the group that your organization serves, such as homeless people, artists, refugees, sports people, people with a disability, or people who've experienced domestic violence, for example.

Yes, no, don't know.

Prompting questions for you to think about.

Which of the following eight statements closely reflects your beliefs?

And then it talks about it's important to pay people for time and expertise.

Offering board payment would attract the wrong type of people.

There's a huge amount of competition for targeted directors, uh, so payment would address part of this challenge in getting good people.

Many not-for-profit organizations are funded by taxpayer dollars.

It would be a misuse of the funds to pay directors.

Director responsibilities continue to increase and become more complex, so paying directors is a good thing.

The last thing we need in our society is yet another avenue for people to do something purely for money And community organizations are by definition community built, community owned, and community run.

Boards should reflect this volunteering as goodwill.

And then finally, I think it's finally, our organization relies on volunteers, why should board directors be paid when volunteers are not?

Then there's questions about, does your board find it difficult to hold directors accountable?

Another one, how many of these expenses do your directors incur without reimbursement, things like transport, childcare, and so on?

How many hours each month do you expect your directors to do?

Would you expect to find broad support for paying board directors amongst your stakeholders?

If you were to make a change to board payments, would you announce the change to your members and donors?

So as I say, for each one of those questions, there's a yes, no, don't know.

There is some prompting thinking about each of those, and there's some additional resources that you can click on.

I just think it's the most, oh, beautiful tool to really help you think.

It's not going to answer.

It's not one of those things where you tick, tick, tick, tick, what is the answer?

We should pay our people.

That is not what this tool is about.

It is getting boards to think about, should we be paying our directors?

Is that the right thing for our organization?

And not having a knee-jerk response about, "No, it's a terrible thing, we should never do that in a volunteer organization," or, "Yes, we should always do it." I love it.

Strongly recommend you have a look.

It might even be used for some organizations about how much they pay their board directors, because for-profit or for-purpose organizations might be paying but may not necessarily be market rate, shall we say.

So even some of the questions in there might be useful for that.

All righty, folks.

So I strongly recommend this.

I would love to hear what you think about the tool and whether you've used it, whether you've used it individually, whether you've got your board to go through it individually or collectively, and what came as a result of it.

I...

pretty sure I've mentioned this on the podcast before, but I do know of one organization, I know there's many, but this is just one that I know more about, I guess, than some of the others, that went through this exact conversation.

Uh, board directors were unpaid.

They were specifically recruiting in the Pacific and First Nations directors, and so on a diversity, equity, and inclusion basis.

Consciously, deliberately had the conversation about should we pay.

They came up with a method that aligned the payment for board directors to the industry that they worked in.

It was on a request basis, not just paid to every board director.

But also whilst it was on a request basis, was also on a no questions asked basis, so people weren't going to be put through the ringer if they asked to be paid.

So I think that was a pretty good way of doing it, and there was consultation with...

cause I think it required a constitutional change, but I could be wrong about that.

Definitely required a policy change, so there was a whole lot of communication with key stakeholders and members about that as well So folks, no matter what sort of organization you are on, I think this is a good conversation for boards to be having.

Uh, I would love to hear about if you've used this tool, if it prompted some of the thinking, and where you landed.

And indeed, one or more of you might like to come on the podcast and tell me all about it, so get in touch if that's what you've done.

Or just engage in the conversation on either LinkedIn or Facebook with the Tango Board community.

So folks, now I'm going to try and share my screen for those of you who are, who are on YouTube, and let's see how this works.

So you can see up here communitydirectors.com.au, free membership of the Institute of Community Directors Australia, strong recommend.

And then on tools and resources, this board payment wizard.

I've talked you through some of this.

The world is changing, what's the purpose, how to use it.

I want to show you what happens.

I'm not going to do all of the questions.

Is your organization allowed to pay its directors?

Imagine your answer is yes.

In that case, there's no legal obligations, and your organization is free to decide.

And then a whole lot of other information.

If you click no, then it tells you there's no regulatory body that disallows payments to directors.

If you're so certain, it must be that your constitution disallows it, right?

So it directs you to go and have a look at your constitution.

And of course, you can change your constitution.

And then it's got an I'm not sure, and again, three pieces of regulation that you need to refer to: constitution, uh, the Australian Charities and Not-For-Profit Commission, or if you're a Aboriginal organization, the Indigenous Corporation.

And then it's got remunerating community board members published by the ACNC.

It does this for all of the questions.

Can you afford to pay or can you raise funds?

Yes.

Great.

You're in a strong financial position.

No.

Oh, nothing to be said there.

Maybe if you haven't said an outright no, then it sounds like you've got options.

So I love this tool.

I love that it talks you through it.

It gives you prompting questions.

It gives you further reading.

It is fantastic and strong recommend.

I hope you go off and use it.

There you go, folks.

Go off and use it.

I think it's an awesome tool.

Let me know how you go.

Uh, if your board has already had this conversation or is about to go into this conversation, let me know.

You might be a guest on the podcast.

All right.

That's it for this week.

Oh, I didn't do an acknowledgement of country at the start, so let me do that now.

I would like to acknowledge the traditional custodians of the land on which I record.

For me, I am on the beautiful unceded lands of the Wurundjeri people of the Kulin Nation, and I pay my respects to elders past and present.

I also acknowledge any First Nations people who may be listening to this podcast today or watching this podcast today.

I acknowledge your continuing connection to land, waters, skies, culture, and country.

I support Voice, Treaty, and Truth for Aboriginal and Torres Strait Islander peoples in Australia, and I encourage others in the Take On Board community to do the same.

Okay, folks, thanks for being here this week, and, uh, more next week.

Uh, get in touch, uh, with any suggestions for a topic or for a guest or how you've gone with the topic today.

Okay, see you next week.

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