

Take on Board Podcast – Episode 248

Transcript – The End Game.

When to wind down your organisation



Helga Svendsen 0:00

Hi, folks, this week you're hearing from me, as I talk you through what happens at the end tips for winding up an organisation. This is based on a presentation I did at the Better Boards Conference back in 2019. If you'd like to watch the full video, we've put a link to that in the show notes. However, this is the audio version of that presentation.

So wind up, it's not a dirty word. In fact, winding up an organisation, if done at the right time in the right way, is something that I believe boards can and should be proud of. It's a natural part of the business cycle of an organisation. And it's not just for not for profits. Although, you know, with over 50,000 registered charities in Australia, all of whom are doing fabulous work, whether big or small, or anywhere in between, it's no surprise that some of them are not financially sustainable. And they should either wind up or merge. That's probably the same for business. So there's many of them out there, many of which may not be sustainable, and therefore should think about winding up or merge. So in this episode, today, I will be talking you through the wind up of the Centre for Sustainability Leadership.

The Centre for Sustainability Leadership was founded in 2005, and wound up in early 2019, after 14 years of inspiring, enabling and connecting a network of incredible alumni who are all seeking to make the world a better place. I was the chair of the Centre for Sustainability Leadership during this period. So I'm going to talk you through what happened my role, not quite the legacy I thought I would leave and how we went about it. Okay, let's go the Centre for Sustainability Leadership, which I might call CSL as I go through this, but I know that stands for a couple of other things. So I'll try and avoid it. But if I say CSL. That's what I mean the Centre for Sustainability Leadership.

It was founded in 2005. And the mantra of the organisation was that if we can't get the people in power to care, let's get people who already care into positions of power. The manifesto was to challenge understand and foster the type of leadership that we believed was and is needed. So the startup phase for the organisation back in the mid-2000s, like many organisations back then, and today was run largely on enthusiasm and passion. The founder, Larissa Brown was brilliant at getting people enthused with her, she brought on philanthropy and donor funds. And as the program grew,

supporting more and more people to make a difference, however, in a story that I'm sure will be familiar to some, the initial startup phase had moved very quickly, perhaps too quickly. So some systems and processes within on the ground governance was well, possibly not as strong as it could have been. Staff were tired, and sometimes working for free. And now we're running out of energy.

So the next phase of the organisation, which is probably around the 2010s, I think, maybe a bit after was to build the foundations, again, as I'm sure will be a theme that is familiar to many of you. Even when you're building the foundations, you can't just stop and get everything in order. You have to walk and chew gum. So this wasn't all plain sailing either. It was around this time that Larissa left the organisation and with CSL the Centre for Sustainability Leadership not being as bright and shiny and new as it had been at the start. The funds, the donor funds, the philanthropic funds were getting harder to find the financial challenges resulted in a change to the business model. So full time staff that were in the organisation, particularly those that were facilitating the program. So I should have said this earlier, the main game of the organisation was a 12 month Leadership Program. And there was obviously staff in the organisation that kind of ran the organisation and the foundation and there were staff who facilitated the leadership training and got people into the program and all sorts of stuff. So at this time, in the change of business model, which was before I was involved in the organisation, there was a change of staffing model, essentially moving a lot of the staff to contracts, rather than them being full time permanent staff members to stem the outflow of cash. And again, to their incredible credit, the staff remained committed and passionate and just awesome in their giving. And as an organisation, they continue to do what they do best find support and build changemakers to help make a kinder, more sustainable world. So I joined the board in 2016, probably towards the end of that building their foundation phase and the kind of business restructure phase I guess I'd been interested in the organisation for at least a couple of years, maybe more, I'd actually applied for the CEO role in 2013. And it was through me applying for that role that I fell in love with the organisation. I did loads of research to apply for that role.

I spoke to alumni, I made sure I spoke to at least one alumni from every year of the program. I spoke to funders, I spoke to former board members, former staff members, I spoke to one of the founders, and others. And through all of those discussions, CSL had a magic to it, everyone just seemed to be really in love with the organisation. And like I say, I was too. Now I didn't get that role, which was fine, because I then started my own consulting and am here doing take on board and all sorts of other things.

So in hindsight, I'm really grateful that I didn't get the role because I landed in something that I totally adore. But I maintained my interest in the organisation. And to his credit, the chair at the time, Brian Gardner, who had the anyway, the job of calling me to tell me I didn't have the job. He maintained connection with me invited me to the graduation that year kept me in the loop of things. And I applied for board roles over the years that have come up, but they just never seem to be the right skills match. So eventually, I think on my third time of applying for the board, I was asked to join the board, this time as chair, and I jumped at the opportunity. I've talked about being the co

chair of this organisation in a different episode, I was co-chairing with the person who had been the chair was the immediate past chair. So it was a great combination of our skills and experience. Now in taking on that role, I had been given a heads up about some of the challenges that CSL head. And I guess I had high hopes that this was a chance for me to make a real contribution to an organisation that I had long admired. Well, turns out my contribution wasn't quite as high had envisaged. So let me talk you through coming into the role and what my priorities were.

So as co-chair, and knowing that the organisation had its challenges, I set myself some goals, I needed to get clear on the finances, get clear on the business model, help the organisation to set its priorities, and make sure they were supported by resources. So first up getting clear on the financial position. It's fair to say that the first financial report and if you go and have a look at the video and said, you'll get to see what one of the financial reports looks like, was a little different to what I was used to receiving. CSL operated basically on an annual budget, all the money came in at the start of the year. And then over the year, they spent the money. That's essentially how it worked. So their financial reports were just mapping the decline of money. And when they might run out. It wasn't a profit and loss statement. It wasn't a balance sheet. There didn't seem to be a firm budget. To be honest, I just couldn't make head or tail of it. So I worked with the person who was then Treasurer, and of course the general manager of the organisation. And we got a budget together and we put in place reporting against budget in a clear profit and loss statement. Now, I know some of you might be listening to this and thinking, Ah, well, I'm fine, then we've got clear financial reports. We know what's going on. We don't have scary charts that take us through to insolvency. Hurray, we don't need to wind up. Well, let's keep going. So my next step was to get clear on the business model. When I joined the board, as I say in 2016, we thought it might be a good idea to get the board and the staff together for a strategy day in late 2016. And we're lucky enough to have the fabulous folk from midnight sky, Luke Hockley and Kate Nicollet. So to help us out, they had long been supporters of the Centre for Sustainability Leadership. So when I asked them to do this, they thankfully jumped at the chance.

Now part of their preparation was to do some analysis for us, they did a bit of a report on CSLs current state, part of that report read, it's beyond doubt that what CSL delivers is highly valued and appreciated. Many alumni rate CSL is one of the best personal and professional development opportunities they have ever taken up. It's also beyond doubt that there is a need within our society for building the kind of leaders that CSL is aiming to support and connect. There were also numerous independent evaluations of the work that CSL had done over the years. And all of those showed that the program was highly valued and appreciated. But the midnight sky analysis also looked at our finances, which told a different story about our business model. Again, it probably told us what we knew, but there's nothing like a scary graph to help distil the thoughts. CSL was running at a loss and we were eating into our equity at a rate of knots. And they were reasons for this, we had challenges bringing in a level of funds that we had at the start. And that meant that we had to start charging or charging more to participate in the program. So in the early days, in the glory days of funding, it had been free. Now, obviously, that had an impact on numbers, people were very happy to come along. And a number of the people who participated in the program were young and just didn't have the

financial resources to support themselves through the program. So as we started moving to a fee for service model, even though it subsidized for many people who were early in their career, it was simply beyond their means. This meant that the numbers into the program were heading south as well. Again, the analysis from midnight sky wasn't surprising. But having some scary graphs, and again, if you have a look at the video, you'll get to see some of those, and it really helps to focus our attention.

So our upcoming Strategy Session had a clear problem to solve. We came together in late 2016 For this strategy day. And the result was unsurprisingly, a renewed focus on growth. We put together our strategy, our plan on a page with a vision for a connected, conscious and thriving world. Our role being to empower individuals, communities and organisations, by inspiring everyone to see the bigger picture and believing things are possible by enabling leaders to discover and use the power and resources they have. And by connecting with themselves with each other, and with nature.

We had three pillars, I guess, a program for individuals. This was the future makers Fellowship, which was the core of CSL the program that had been running since its inception. The second pillar was for communities, running a number of programs for different communities, either through local governments or other local organisations. And thirdly, for organisations, this was a process in development, so running leadership programs in house for organisations. So we knew that the fellowship program, the heart of CSL had to be maintained. And we also knew that by itself, it wasn't enough to sustain the Centre for Sustainability Leadership. We knew that the communities program that had started needed to grow. And we knew our corporate program needed to be scoped and developed to fund our future and long term sustainability. So the first step was making sure there was resources for all of that to happen. It's always tricky in an organisation that doesn't have many resources. And it sounds a bit counterintuitive, when you're on the decline to be throwing more resources in. And it's not like we had a lot to throw around. But we knew that if we're going to get out of this, we needed to grow. And to grow, we knew we needed to put resources into it. So first up, we made a decision to invest some of our scant funds into business development. We budgeted enough for a two day a week role to build the pipeline for the Centre for Sustainability Leadership into our community program. Our intention was that this would slowly grow, and we could then expand the role. We also allocated some pro bono resources to review the fellowship program. This was someone from the board who had previously worked within the organisation, so had a really good understanding of that. And she worked with the team to review the fellowship program to make sure it was what it needed to be. And thirdly, we also got some pro bono resources to work with us on developing our corporate offering. So let me summarize, in 2016, we got clear on our finances, we got clear on our business model, we knew we were going downhill. So we set our strategic priorities. 2017 was about delivering on this, we engaged our business development person, we engage pro bono resources, both from the board and from an organisation called Partners for Purpose, who supported our work on the corporate program. So we're doing all of this work through 2017. And at the end of 2017, we had our final push, which was to ring all of the alumni of the organisation to get them to help us get people into the core, the fellowship program. We knew our alumni were our greatest ambassadors. And we knew in the past, they were the best

people to get people into the program. In the past, we'd relied on that happening organically. This time in 2017, we're revert the board worked with our business development person to personally contact each and every alumni, not emails, not text messages, good old fashioned phone calls. We rang all 650 of them. And so early 2018 Our day of reckoning dawned. For us. This was our February Board meeting. It was the meeting where we live looked at the fellowship numbers for the year ahead. Yes, we were continuing to work on expanding the community program, we were developing the corporate program, but they were both the icing on the cake. The core of the Centre for Sustainability Leadership was the fellowship program. And without that being in place, the whole basis of being fell away.

So the February meeting was always a big one for us. Whilst we tracked the number of applicants into our program as they come in, it's only ever really at the last minute that we know who is coming and who isn't. Our target was 50, we could have broken even on 45. And we could just make it work if we had to on 43. We were nervous, but hopeful we'd thrown everything at this. Our actual numbers 38, it was gutting. We've just done so much work on it. And we'd thrown everything at it. We were so hopeful we'd even just been through a process of recruiting new board members. And our final numbers were 38. We knew there and then that wind up had to be on the agenda. But whilst we knew that, we also knew we didn't want to have a fire sale, we wanted to give the Centre for Sustainability Leadership, the best chance of surviving lb eight in what we knew would be a radically new form. So we decided to proceed with the current program, even though we knew it would be at a loss, because we knew this would give us the time to work out the next steps. Although we knew that closure was the most likely outcome. That's all the preamble, sorry for taking you through too much of a preamble, but it's good to give you the context of where we're at. So we set a date for our what next discussion, we invited both the board and the staff to come along. And yet again, got some pro bono resources this time from a why to give us a venue and to facilitate it because let's face it, it was a roomful of facilitators. So we definitely needed somebody to herd the cats. Prior to that session, we did a survey of staff just so we had a bit of an idea where they were at. staff knew the implications of only having 38 people in the fellowship. So we asked them, can we keep CSL running 70% of them said, No, it's time to wind up. So off, we went to our workshop with the board with the staff to a why without independent facilitator herding cats. So it's the 28th of April 2018. As I think about it, that's almost exactly six years ago. So we came together as a group to review and to reflect and to make hard decisions for the future. I wish I had the photos of this, but I don't I only have the outcomes. So at that session, we mapped out the outcomes we were seeking. And the outcome we were seeking was to continue the impact of CSL through alumni. And to continue the essence of CSL. We also mapped out the options, we could wind up we could partner, and so on. So we determined our transition path. And that would be to put out an expression of interest for partners to take on the CSL package, to take on the alumni to take on the IP to take on the partnerships to take it on. Basically, we also decided to package up the IP not just for our new partner whoever we're handing over to, but to provide it to our alumni, so that they could continue to accelerate the impact in their own communities as well. And we decided that at the end of all of this, we were going to party and celebrate. Now this last part is really important. We had staff at the session. And the staff knew that this meant not only winding up an organisation that was close to their heart, it meant losing their jobs. So for them to be able to get past their own. I don't know if it was getting past their own self interest or in their self interest because self care is clearly in self

interest. And they were working themselves to the bone to get this program out and to do what was best to do with not the resources that it needed. Which meant that the alignment in the views from both the staff and the board was incredible. And for us on the board that was a massive relief. The vibe was that we wanted to honour what CSL had done and ensure the best chance of continuing that success, albeit in a different way. So we knew that the celebration whenever it was going to come needed to be a celebration and not a wake. So we mapped out the timeframe to the end of the current program to October 2019. We mapped out who would do what the working groups and the board members who would be responsible for each area. There were five areas that we focused on: governance and legal financial, the expression of interest process for partners, the IP, the intellectual property, and fifth, the communications. And we set up a working group for each of those to go and do their work and then meet together fortnightly and then monthly as things went on as The Transition working group to keep all of the balls in the air. Let me take you through the work of each of those working groups. First up the EOI process, the expression of interest, the EOI contained to the context of CSL, what we were giving away the criteria for an assessment, the process and the timeline. So the package for CSL was the brand, the logo and the manifesto, and the future makers fellowship, program structure and content. And our intention was to transfer all of this to another organisation not to sell it. So we wanted to choose the best bidder, not the highest bidder. The criteria that we set for our bidders basically was three things. Firstly, they needed to be aligned to the values of the Centre for Sustainability Leadership. They needed to be sustainable, they needed to be able to ensure the longevity and be able to build CSL. And thirdly, they needed to be able to support the alumni network. So we had the timeline, which was the opening date, the closing date, the panel assessment, the negotiation period, and then doing all the legal stuff. And then we sent it to the world. So we also provided applicants with the information in confidence for their due diligence. So what was the response, we had over 20 applications to take on CSL we assessed and we shortlisted them, we interviewed Oh, I can't quite remember how many we interviewed, to be honest, I think we interviewed for we, through that process came up with a preferred partner, we engaged the staff in the process before we finalized the preferred partner. And then we finalized it, we did an informal deed with them, and then a formal MOU and then a deed of transfer of the IP. The successful bidder values aligned below it was the Monash Sustainable Development Institute. So we knew that there were values aligned, we knew that they cared about sustainability, we knew they already worked with a number of young people because they were part of Monash, and we knew that they would be sustainable. We also had an engagement workshop with them, which was a fantastic opportunity for us to come together with the full teams, Monash the Centre for Sustainability Leadership, to talk through principles and to do a handover. JSON, who was one of the founders of the organisation came along to this as well. So it was just so fantastic to have the whole history of CSL there and our future there as well. So that was the process for the expression of interest. Now let's talk about comms. So we needed to map who we needed to tell we needed to give them a priority, and work out what the steps and the channels would be for doing that communication and who would be responsible. So let me tell you one of the stories here, as I said, we mapped out all of the stakeholders, basically, one of whom is obviously the founders of the organisation. And I was allocated the role of communicating with past chairs of the board and the co-founders of the organisation. One of the founders of the Centre for Sustainability Leadership, Jason Clark, or Uncle Jace, as he's noticed, so many of the alumni had continued his involvement as a board member, as a speaker as a facilitator. As a real supporter of the organisation. Larissa, who was the other founder of the organisation, she had exited, as I say, in about 2010. And she had not really

maintained contact. And I didn't want there is a finding out on the grapevine. It had to be a personal contact. So I rang Jason, I said, as you know, I'm now the chair. As you know, I love this organisation. And I've got some news for you about where we're at. And it's not quite the legacy I intended. So I told him that we thought we needed to wind up. Oh, God, Jason was fantastic. His attitude was incredible. CSL was never ours. He said, we were just the adoptive parents. And now CSL is moving to a new home, you've got my full support, and I'm sure you'll have lorises too. I'll contact her. And I'll let her know. I'll let you know if there's any challenge. It was so fabulous to have this support from one of the founders. And as I say, to have him come along, both to the engagement meeting with Monash and as I'll talk about soon, some of the celebration as well with alumni. And I'm sure it was in part that we've got this support because he'd been so involved in the organisation. And because we kept him so closely in the loop about CSS challenges.

Some other things we did as part of their communication. We had a Facebook live in a private group, so only the alumni of CSL could come along. And that was where we broke the news to them about what the future was for the organisation. We dealt with all of the Q&A. In this and the video was kept live for others to view when it was convenient for them. And we had Final party at the 2018 fellows graduation. It was a celebration with alumni new and old. And Jason, as I said, came along and talked about the process. At that stage, we still weren't in a position to announce the new home. But Jason support on the day meant the world to us all. And meant, again, it was a celebration not awake. We also ensured that the staff and the nearest and dearest celebration happened and that was at my house with Interstate is coming in via zoom. And I can't believe we didn't get any photos of this. But we did have champagne. And we did share just our own experiences and recollections and sent CSL off into the future. So for our comms, in summary, we engaged our community, the founders, the fellows, the funders, the alumni, we did personal communication whenever we could. And we made sure that the vibe was celebration, not commiseration. Now, let me talk you through some of the legal steps with Monash, we had to do a deed of transfer of intellectual property. And we had to do an MOU a memorandum of understanding. And there was a whole bunch of other legal steps, we were governed by the Department of Environment because we were registered environmental organisation. So we needed to notify the Department of Environment about our DGR status, so they could withdraw it or cancel it. And we had to hand over any funds that were left over from the DGR funds to another eligible environmental organisation. So other legal steps, we had to get our assets below \$1,000. I'll talk about finances in a minute, we had to have a meeting of members to resolve to deregister, the organisation, we had to then transfer our DGR funds are deductible gift recipient funds to an eligible organisation, we had to notify the ACNC, the Australian charities and not for profit commission and DEA registered with them. We had to have a special resolution of members and submit that notice to ASIC, the Australian Securities and Investment Commission. And then we had to apply for voluntary deregistration of a company. So there was heaps to do, we were very fortunate that we had pro bono lawyers to help out with all of this. And our company secretary was also a lawyer, which helped enormously. The fourth pillar was around finance. First thing I'll say here is getting to zero is harder than you think you spent all this time in as an organisation trying to build the funds, and then getting them out the door in the right order is quite a challenge. So the majority of our leftover funds, of course, went to the Monash Sustainable Development Institute for scholarships into the future. But determining that leftover amount was a bit more challenging that you would

think, you know, we had to identify all our contracts, obviously, they were for all sorts of things like apps that we used, or I post office boxes, and all sorts of things. So we had to identify all of them, we had to cancel all of them, we had to cancel our online program, we had to do our final annual report, we had to do our final best business activity statement, and receive refunds or pay any bills. And we had to have a system to do all of this. So what we came up with in the end was we would buy some load and go funds, some cards so that we could pay some of these bills as we went. And that got us under \$1,000. So that we could then wind up the organisation with the registered environmental organisation and close our bank accounts, fiscally IP, intellectual property, this can't be underestimated. For our organisation, again, it was the heart of the organisation. And our facilitators and our staff had been doing it for ages. So they run both on intuition and autopilot. And then we had to hand it all over to somebody new. So they had to put into words all the things that they do, they had to capture the IP and the spirit of what they did. This was a massive task for the delivery team. And our huge thanks goes to them. It just can't be underestimated the work that they did. The board was invested in making sure this happened because we needed to ensure that the product that we handed over to MSCI was in order. And as I say the staff just did an incredible job tracking, collaborating with each other, documenting over a decade of development into something that was easily transferable, and that could be picked up by new team. So we did it. We did those five things, the expression of interest, the communications, the legal stuff, the finance stuff, and the IP and after a lot longer than expected, I think it was in 2019. In June, the board met to resolve to warm up the organisation and we submitted our forms to ASIC and the ACNC we're super proud of CSL we're super proud of the staff of the alumni and the projects That CSL spawned. There's so many alumni out there who continue to do amazing things. There's so many incredible organisations out there that were sparked by CSL. In fact, I'm gonna list a couple of them our way, Republic of everyone, wild one code for Australia today do it on the roof, digital storytellers from Spark talent nation, the weekly service, benefit, mindset, pollinate and more. So we handed it all over to Monash. And our aim in doing so was to keep the spirit of CSL alive. And we have or had high hopes that Monash will do that, we still have high hopes that we'll do that. Indeed, when I gave this speech at the better boards conference, which was the end of 2019, I reflected that I'd run into one of the alumni of CSL just a week ago on the tram. And she said, she just got a call from Monash who were doing their alumni engagement work to work out the best way forward. Now, this was the end of 2019. And of course, you know, we had a few challenges in 2020 2021. And on. So the plan from Monash has gone, not quite as expected, not necessarily because they didn't have an interest in doing that we just had a global pandemic in there. And in fact, doing this podcast reminds me, I'm gonna get in touch with him and see where things are at. I'm still on their email list, but I haven't seen exactly what's happening with CSL. So I'm going to do that I might do an update in a week or two to let you know. So final summary, if you're in an organisation that you think might have some challenges. First up, know your situation, know where the finances are at and know your business model. Like get into the weeds a bit. I know we always talk about boards, what is it noses in, fingers out. But if you think you might be heading to crisis, it is the time for the board to get their fingers a little bit dirty in this and to really find out what's going on. Once you've done that, try new things. For us that was trying a national program, putting some resources into business development, it was doing the ring around of all of our alumni. So try new things. Third lesson for us from this engage experts, we had midnight sky, we had a while we had lawyers, we had partners for purpose, most of them pro bono, thankfully. But their expertise into this helped enormously. Fourthly, engage your members, engage your stakeholders, engage your staff, keep them as in the loop as you can, even if that means being

open about what you can't be open about. And I would say be open with letting your organisation run free, hand them on to the next one. Like Jason said, we are just the caretakers. We are just the adoptive home and we can pass it on to the next home. And in that running phrase, well, I would say don't be demanding about what the organisation should happen in the future. You know, we kept getting asked, Oh, well, how many board roles in the organisation do you require? It's like, we don't require anything. We are here to help. We're here to support. And we'll do that in the best way. If it's being on the board. That's what we'll do. If it's not, we won't. And finally, celebrate, don't commiserate it's so important to do. So there you go. That is the story of the end game for the Centre for Sustainability Leadership. I hope there's some lessons for you in there about thinking positively about the end game for organisations and knowing it doesn't have to be a bad thing. It can be just the next stage of evolution for so many organisations. If you would like to see the full presentation by video, there's a link to it in the show notes. It's on my YouTube channel. That's it from me. We'll be back next week as always, actually, while I'm here, and encouragement if you haven't already tuned into the broads on boards podcast, which is the sister podcast to take on board. It's a limited series nine chapters on the history of women on boards in Australia. Unsurprisingly, I highly recommend it to you. There's some really interesting people profiled in that and again, there's a link in the show notes. Right. That's it for me. See you next week.

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