

Approaches to Corporate Governance in Practice

Presentation by
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Comparable problems faced across sectors

- Co-operatives
- Credit unions
- Charities
- Voluntary bodies
- Local government

Historic approach

- Early co-operatives contained boards on which working class pioneers trained themselves to read balance sheets and learn how to manage businesses.
- Is this practical today?
- Have we lost commitment to self-education?
- Do we believe we have the necessary skills through an innate process?
- Are modern co-operatives too complex for this

How societies do it

- Best practice across societies includes Midcounties and Lincolnshire.
- Midcounties attracts highly skilled independent co-operators to stand for board. Result is high quality governance.
- Lincolnshire conducts skill audit and co-opts additional directors with required missing skills.
- Bryson Charity co-opts all directors based on assessment of necessary skills – but this

My experience

- When I stood for director position at a retail society I lost.
- CEO ran society as if his personal property.
- He told staff how to vote and they operated as his block vote.
- Directors were obedient to the CEO.
- No culture of challenge or independence on board.

How local government does it

- When I was a city councillor, officers keen that I knew nothing and let them get on with it.
(Does this sound familiar?)
- Best practice is different:
- An East London council conducts in-depth training of councillors to support them gaining all the skills they need to oversee a billion pound organisation.

How should co-operative societies do corporate governance better?

- Some are already excellent.
- Adopt pro-active policies to attract high quality candidates.
- Conduct skill audits and address weaknesses.
- Conduct **HIGH QUALITY** comprehensive training.

Electing good directors

- Can we introduce competence criteria, with only competent candidates able to stand?
- How do we define competence?

(see Co-ops UK Myners Plus proposals)

- Elections need to have more candidates than positions.
- Electorate needs to be informed.
- Encourage culture of challenge – polite, but assertive, questioning, sceptical.

Succession Planning

- Succession planning is difficult for any small organisation.
- Need for equal opportunities recruitment can conflict with promotion and nurturing of internal talent.
- But co-operatives should avoid being dominated by powerful personalities.
- All staff (and directors) should be encouraged to maximise their skills.

Discussion and debate

- Co-operatives should make decisions through discussion, debate and healthy challenge.
- To achieve that productively and efficiently requires good governance.
- The Ways Forward conference has an important role in that discussion on improvement, particularly improved governance.