

# GOOD GOVERNANCE IN ACTION

## OUTLINE

Governance has its origins in the past when people put money into businesses run by others. Governance refers to the protocols that create a separation between investors and the management. The separation between those with money invested ensuring those who ran it did so properly.

Today it is more common to own your own business - but the principles still apply! If you want to be in business you owe it to yourself to make the most out of it. You should be planning, checking and holding discussion around the opportunities and not just letting it unfold as you go along. In doing so you will be leaner (less effort in), more profitable and create more opportunities for those around you (jobs).

## THE BARRIERS

Most business owners know their market really well. They are tenacious and can do most of the 'doing' themselves. They can get help for any bit they don't know from a Business Coach.

Unfortunately it is often that 'know it all' attitude that stops us from implementing Good Governance in our business. Loss of control (perceived) and possibly the desire not to be challenged.

## WHAT WE OUGHT TO DO

Nobody likes bureaucracy (cost and time) but there is a middle ground – an Advisory Board.

An Advisory Board provides non-binding advice to the Management (you). It has all the beneficial elements of a Formal Board, but without the director liability, and with the freedom for the owners/management.

## WHAT IT SHOULD LOOK LIKE

The first thing is regularity – do it every 2 months whether you think you need it or not. A huge amount of value comes from this push as opposed to only doing it when you think you're in trouble.

The next thing is balance to your Board – extroverts (risk takers, brand conscious) and introverts (cautious, bean counters). Have a balance of inputs from people with your best interests at heart (and some commercial skill).

Be properly prepared – have a Chair that encourages good debate but keeps moving through your Agenda.

Don't get hung up on agreeing – go with the vote and time will tell what was best. This may well also shape how much weight is given to certain opinions in the future too?

Record what you've agreed – Action Points are very important. If it is agreed someone will do something before the next meeting (even an employee), then this should be recorded and done.

## AGM

Once a year you should hold an Annual General Meeting. This is more common where there are many shareholders wanting to review how the Management has performed in the year to date, but it applies equally to your business.

While it may not be a 'shareholder only' exercise – still take the time to do an Annual Review. Appropriate questions at this time are more global and might look like:

- Is selling on the horizon in the next 1-2 years?
- Do we want to persist with our core business (or change from a retail to wholesale focus etc)
- Do we need to refresh the Board (or the management!).

This resource has been kindly provided by

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If you have any questions, please call 0800 CHAMBER (0800 242 623).

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