

### Overview

Why this is important Social enterprises can be directed by many different kinds of governing body, including boards of directors, management committees and trustees, depending in part on whether or not the social enterprise is an incorporated body. Whatever they are called they have an important role to play in social enterprise. Working closely with them to make sure they have the right membership, skills, information and clarity of role will help them to make decisions that fully support the work of the organisation. To keep it simple, the terms 'board' and 'board members' have been used. These can be replaced by whichever words fit the model used by each organisation.

Who might do this You might do this if you are:

1. setting up a new social enterprise
2. running a social enterprise

Working with a board of directors in a social enterprise involves making sure that:

1. the right people are on it;
2. the board members understand what the social enterprise is trying to achieve and how it is run;
3. the board members have the right skills and knowledge to carry out their role;
4. the board has all the up-to-date information it needs;
5. the board and managers clearly understand what each is responsible for
6. information is presented to the board in a way that is useful; and
7. other stakeholders are involved with the board

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## Work with a board in a social enterprise

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### Performance criteria

*You must be able to:*

- P1 help to choose and elect board members
- P2 make sure board members have information about their legal responsibilities, the legal structure of the social enterprise and the codes of conduct they are expected to follow
- P3 make sure that board members' training and development needs are identified and met
- P4 carry out your work in a way that aims to create a good working relationship with the board
- P5 identify the limits of your power as a manager, as set out in the social enterprise's constitution
- P6 identify which actions and decisions need the board's formal approval and negotiate and agree rules with the board about:
  - P6.1 who is responsible
  - P6.2 what can be delegated
  - P6.3 who has authority to take particular actions
- P7 tell the board about any changes to corporate law that may affect the social enterprise
- P8 bring important information about the social enterprise to the board's attention, analysing it and producing proposals, with options when necessary, in ways that the board can easily understand and use
- P9 help the board decide which issues it needs to look at and help it to take essential decisions, using the principles, guidelines and rules it has adopted
- P10 respond to the board's instructions, requests and enquiries and carry out actions decided by the board
- P11 encourage stakeholders to be involved in deciding which direction the social enterprise should take and make sure that stakeholders have information about how to influence and challenge the board's decisions
- P12 help the board and key stakeholders to communicate effectively with each other
- P13 help the board review its performance and be answerable to stakeholders

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### Knowledge and understanding

*You need to know and understand:*

#### **Boards**

- K1 how to use the values and principles of the social enterprise to develop the membership and powers of the board and the board's relationship with stakeholders
- K2 what the legal duties and responsibilities of a board are and what code of conduct they are expected to follow, especially relating to their actions and possible conflicts of interest, and on what grounds a board member can be dismissed
- K3 what skills and knowledge board members need and what learning and development opportunities are available for them
- K4 whether employees can be board members
- K5 what must be dealt with at an annual general meeting and how to call an extraordinary general meeting
- K6 what voting rights each board member holds and the number of votes needed to pass different types of resolution
- K7 what powers and responsibilities the legal constitution of the social enterprise gives to managers and board members
- K8 how to help the board develop policies and strategies that will improve the social enterprise's performance
- K9 how to make sure the board's guidelines are followed in managing and running the social enterprise and when management matters should be brought to the board's attention
- K10 how to check that the board's decisions are legal, and in line with the enterprise's vision, strategy and policies
- K11 how to make the board understand why it is important to communicate with stakeholders
- K12 how to use quality assurance to make sure that managers and board members complete their legal duties with care and attention and what actions to take if the board fails to act with care and attention

#### **Law and regulations**

- K13 what the latest developments in corporate law affecting the social enterprise are
- K14 what the benefits and disadvantages of becoming incorporated are and when to consider it

#### **Strategic planning**

- K15 how to develop the social enterprise's strategy, prepare a strategic plan that reflects the social enterprise's stated purpose and vision and use the

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## Work with a board in a social enterprise

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strategic plan to help design ways to run the social enterprise

### **Social performance or social return**

K16 how to report on social performance or social return, and whether commercial objectives have been met and how social and commercial objectives affect each other

### **Stakeholders**

K17 how to keep stakeholders informed about the board's decisions, which stakeholders can challenge the board's decisions and how they can do it and when to involve stakeholders in decisions that the board is making

K18 what different ways stakeholders can take part in and direct social enterprises and how to help stakeholders deal with things that prevent them from being involved

### **Decision-making**

K19 how to analyse information to identify patterns and trends and prioritise issues because of how important or urgent they are

K20 how to test whether information is valid and reliable before it is used to make decisions

K21 how to use the social enterprise's values and purpose when making decisions about running the social enterprise

K22 how to delegate decision-making but still be responsible

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## Work with a board in a social enterprise

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### Additional Information

#### Links to other NOS

1. BD3 Plan where your business is going
2. BD5 Carry out your plans for the business
3. EE5 Build relationships to build the business
4. OP6 Develop people's skills
5. OP10 Improve relationships with stakeholders in a social enterprise

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## Work with a board in a social enterprise

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