

# NOT-FOR-PROFIT GOVERNANCE PRINCIPLES – THIRD EDITION, APRIL 2024

## Elevating the client voice – Resource for NFP boards

### INTRODUCTION

Directors have a duty to act in the best interests of the organisation. For directors of a charity or an NFP, the organisation's purpose is essential in the application of the duty. This will usually require that voices of key stakeholders are heard, including from clients, consumers, their carers, families or other representatives, as sometimes it will not be the client themselves.

Whilst this resource is primarily aimed to assist sub-sectors where the client voice is commonly used, such as in health care, aged care, social services, or education, it also provides lessons for other sub-sectors.

Given many NFPs deliver programs and services to the community, it is important that boards ensure the client voice is appropriately accounted through activities such as strategic decision-making, service design and policy advocacy. There is no one size fits all approach to amplify the client voice. In circumstances where there are a range of client or beneficiary profiles, organisational and board structures, a flexible and fit-for-purpose approach needs to be taken by individual boards.

This resource is not a prescriptive list of actions, but a range of options for consideration. It builds on the AICD resources **Elevating stakeholder voices to the board** and **Governing for quality aged care (Principle 2: Roles and responsibilities)**.

### WHY IS INCORPORATING THE CLIENT VOICE OR LIVED EXPERIENCE IMPORTANT FOR NFP BOARDS?

Increasing regulatory obligations and community expectations across the NFP sector have elevated the

importance of boards listening to the voices of the communities they serve in their governance practices and decision-making.

For example, various industries already have requirements to consult with clients such as **aged care**, **health care**, and **telehealth**. Legislative reforms resulting from the **Aged Care Royal Commission** now require aged care providers to consider feedback from consumer advisory bodies in board decision-making, whilst the **Disability Royal Commission** recommends disability service providers consider whether their boards have a meaningful level of representation of people with disability and recruit people with disability as board directors. The Royal Commission into Institutional Responses to Child Sexual Abuse also led to the development of the **National Principles for Child Safe Organisations** which is aimed at embedding the rights of children and young people to be protected, respected and listened to.

### WHAT IS CLIENT VOICE?

Client voice refers to the expression of the views, needs, experiences or outcomes of people who have lived experience. They could be individuals, family members or carers.

### WHAT IS LIVED EXPERIENCE?

This term refers to someone with personal knowledge and understanding gained through direct involvement in a situation, event or issue, such as experience with mental health. Lived experience can encompass clients, carers, families, or supporters.

Separate to regulatory changes, a formal governance approach to considering the voice of clients and those with lived experience can bring significant benefits to NFPs. These benefits are noted at a high level in the accompanying box.

Regardless of whether boards recruit people with lived experience, it is important that boards consider the risks of failing to meaningfully elevate client voice on decisions affecting beneficiary or client lives, including decisions about how programs and services are provided to them.

### GOVERNANCE BENEFITS



Alignment with purpose, vision and strategy



Improved reputation and community trust



More informed and effective decision-making

## HOW CAN BOARDS ELEVATE THE CLIENT VOICE?

### Board composition

Recruiting board directors with lived experience is the most direct mechanism to ensure the client perspective is heard around the boardroom, subject to an organisation's constitution and other governance requirements. For example, the constitution of ACON, a leading HIV prevention organisation, seeks to ensure at least one director with lived experience, whilst the constitution of Canteen, a national youth cancer charity, mandates the majority of the board must be member directors (i.e. young people with lived experience with cancer), including the chairperson.

Just because a director with lived experience serves on the board does not mean that other board directors should rely on them to elevate the client voice. It is incumbent on all directors to seek to inform themselves of client perspectives as part of their duties to act in the best interests of the organisation and with due care and diligence.

While it may be appropriate for some boards to have a quota for directors with lived experience, given the purpose, vision and strategy of the NFP, this may not be feasible in all circumstances, especially for smaller organisations operating in regional, rural and remote areas. A different approach may be to stipulate in the board skills matrix that, where possible, there should be a director with lived experience on the board.

There are risks if the board recruits only one person with lived experience. It can be overwhelming, create a sense of vulnerability or isolation for the director or be seen as tokenistic. More than one person may be required to give real effect to the client voice.

Effective training, induction, and supports are critical to ensuring directors with lived experience are upskilled and supported to undertake their governance roles. The board should consider what other funding resources may be needed to ensure the voice of people with lived experience is heard, including accessibility supports.

### CASE STUDY – HIREUP

Over the past decade, **board observership programs** have increased in prominence in Australia as a way to provide observers with first-hand exposure to the complexity of governing an NFP board, whilst building governance skills.

Online disability platform, Hireup established its **Board Observership Program** in 2021, which brings the customer voice (i.e. people with disability) to the boardroom. Observers attend the monthly board and committee meetings either in person or virtually. They are mentored by the CEO and the Chair, consulted on strategic decisions and asked to challenge assumptions and provide their own perspectives. The board observers receive an honorarium payment to recognise their commitment and receive three days of paid professional development.

## Board meetings

The structure and facilitation of board meetings are key to ensuring the client voice is elevated to add practical utility from the front-line service users' perspective. For example, the board agenda may have a standing item on 'client issues.' At larger organisations this discussion may be led by a nominated director, for instance the chair of a board sub-committee that has particular oversight of client issues.

The board may consider alternating board meetings in different locations to understand local client issues and hear the voices of local people when undertaking board discussions.

The board chair also has the critical role of managing board dynamics and facilitating discussion to enable directors with lived experience to contribute meaningfully by asking questions, challenging assumptions, and sharing insights, noting this could be their first board role.

Ongoing learning and development by the board and CEO is essential in reinforcing the value of elevating the client voice and maintaining positive momentum, especially when there is director and executive turnover.

## Decision-making

Board decision-making incorporating client voice should be supported by board structures, the reporting of metrics and measures, and nature of reporting lines. For example, board papers are a way of ensuring the board is accounting for client impacts in its decision-making.

Tracking a range of client metrics, such as client satisfaction and updates on quality improvement initiatives, enables the board and management to focus attention on the client and prioritise resourcing to address any issues.

At larger organisations, board committees may also play an important role in considering particular components of the client experience in detail. For example, a clinical and care committee assessing client complaints and incidents in detail.

Building client voice into governance processes can be challenging for smaller NFPs due to resource constraints and limited time. However, even with limitations, there are creative ways to achieve meaningful client participation. Several practical options are set out in the accompanying box.

## Risk and strategy

Boards should consider the role of the client voice through a risk lens to ensure that appropriate governance, metrics and measures are in place. For example, boards may need to amend their risk appetite statement to reflect client feedback on certain risk tolerances (e.g. **dignity of risk**), underpinned by robust safety and quality data from staff. Client feedback is useful to identify emerging risks and develop strategies for proactive mitigation, rather than reactive remediation in the future.

Equally, elevating the client voice into board decision-making can support a more effective strategy, that builds long term impact, consistent with the NFP's purpose. For example, seeking feedback and discussion from the client/consumer advisory committee on a draft strategic plan.



### PRACTICAL WAYS TO ELEVATE CLIENT VOICES

- Board pack to include a short paragraph of a client's experience (positive or negative).
- Board meetings include a client or representative to present feedback directly.
- Formal and informal feedback through surveys, social media, focus groups, and interviews.
- Employee and volunteer outreach, including local visits by board directors.
- Clients providing advice on specific projects such as a community fundraiser or an employee recruitment panel.
- Former client perspectives sought on service provision and areas for improvement.

## Stakeholder engagement

Meaningful stakeholder engagement with clients and their representatives helps to demonstrate that the board is genuine about elevating client voice within its decision-making. For example, individual directors should take opportunities to proactively engage with clients in a range of settings, whether through site visits, sitting in or taking client calls, assisting staff with service or program delivery, or collaborating with clients on a major fundraising campaign.

Boards should also consider the client voice collectively through engagement with peak bodies and advocacy groups representing people with lived experience. Involving groups during environmental scanning or strategy exercises is an efficient way to elevate the client voice.

## Board committees or advisory committees

Board committees or advisory committees focused on the client experience, increasingly play an important role in NFP governance, particularly for larger NFPs focused on the delivery of human services and health care. For example, advisory committees provide boards with insight on decisions relating to the design and delivery of policies, programs and services.

Below are several examples:

- **Disability service provider, Yooralla**, has a Community Partnership Advisory Committee (YCPAC) that provides an opportunity for people with lived experience with disability to support the design and delivery of services and ensure they reflect the diverse needs and wants of the community. The YCPAC reports to the board and members review and provide guidance on various strategic and operational matters.
- **Mental health charity, Flourish Australia**, has a Service Quality & Safety Committee board committee that advises the board on services, receives reports from the Independent Advocate, and reports on these to the board.
- **National blindness and low vision service provider, Vision Australia**, convenes a Client Reference Group (CRG) to gain advice and feedback on specific matters relating to the client experience and direction of the organisation. The CRG operates under a charter that set outs roles, structure, appointments and meetings.
- **Youth cancer charity, Canteen**, which has young leaders advising employees at all levels of the organisation, also has a Young Adult Reconciliation Network – a First Nations youth leadership group which uses their lived experience to help implement the organisation’s Reconciliation Action Plan and advise Canteen on the organisation’s commitments to youth leadership and reconciliation.

## Employee and volunteer engagement

Both frontline employees and volunteers play crucial roles in amplifying client voices within governance structures. Directors can also gain unfiltered verbal and visual feedback on the client experience from employees and volunteers through observing the delivery of programs and services and comparing them with board reporting.

It is critical that boards welcome and actively seek the expertise held by frontline employees and volunteers on client experience to assist in their board discussion and decision-making.

## ELEVATING THE CLIENT VOICE – KEY QUESTIONS FOR DIRECTORS

The following questions are designed to prompt discussion among board directors and guide client voice considerations as appropriate for their NFP.

| Area   | Questions  |
|--|--|
| <b>Board composition and training</b>          | <ul style="list-style-type: none"> <li>• Does the board skills matrix include client experience? If not, why not?</li> <li>• Has the board considered recruiting directors with lived experience to reflect the diversity of the client base? Has the board considered the feasibility of an observership program?</li> <li>• Are there benefits in remunerating directors with lived experience?</li> <li>• How can new and existing directors gain insight on client trends and issues?</li> <li>• Are direct client engagement opportunities included in the induction and ongoing learning and development?</li> </ul> |
| <b>Board meetings</b>                          | <ul style="list-style-type: none"> <li>• Is there a standing agenda item at board meetings to discuss client issues and experience?</li> <li>• Do board papers encourage discussion on client impacts?</li> <li>• Does the existing board committee structure allow for an appropriate focus on clients?</li> </ul>  |
| <b>Decision-making</b>                         | <ul style="list-style-type: none"> <li>• Do client metrics reported to the board provide the necessary insights to improve decision-making?</li> <li>• Does client data clearly communicate trends, priorities and issues?</li> <li>• How are all decisions that impact on client outcomes communicated to clients?</li> <li>• Does the Annual Report and other corporate reports demonstrate how client needs are considered in strategic decision-making?</li> </ul>   |
| <b>Risk management</b>                         | <ul style="list-style-type: none"> <li>• How is client risk considered within the risk appetite statement?</li> <li>• Are controls established to support proactive identification and mitigation of client risks?</li> <li>• What assurance activities are undertaken to ensure client risk is being effectively managed?</li> <li>• Are client focused metrics included in performance reporting and executive remuneration?</li> </ul>  |
| <b>Stakeholder engagement</b>                  | <ul style="list-style-type: none"> <li>• What opportunities already exist for the board to engage with clients or their representatives?</li> <li>• Does the board provide opportunities for clients to share first-hand experiences of services?</li> <li>• Does the organisation actively seek feedback from former clients?</li> </ul>  |
| <b>Board committees or advisory committees</b> | <ul style="list-style-type: none"> <li>• Should the board consider establishing board committees or advisory committees, or a similar body?</li> <li>• How does the feedback from board committees or advisory committees inform our strategy and risk frameworks?</li> </ul>  |
| <b>Employee and volunteer engagement</b>       | <ul style="list-style-type: none"> <li>• Does the board gain client insights from employees and volunteers formally and informally?</li> <li>• What ongoing training is offered to employee and volunteers to understand client needs and perspectives?</li> <li>• How does our organisational culture seek to foster respect and value of clients?</li> </ul>   |

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