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# Corporate Governance

A Practical Handbook

Karen Martyn





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## Corporate Governance A Practical Handbook



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Corporate Governance  
A Practical Handbook

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## Foreword

Good governance is essential for effective performance by entities of all kinds. Guiding the actions of managers and others responsible for an organisation's conduct is a critical undertaking.

Directors' significant powers, obligations and liabilities make it important that governance requirements are well understood.

While resources and training are generally available and utilised for governance of listed companies, this has not always been the case for many other forms of organisation — unlisted companies, smaller enterprises, incorporated societies, charities, not-for-profit organisations and others.

Public bodies including Crown entities, departments and state-owned enterprises, local body councils, district health boards, education institutes and school boards all have need of sound governance procedures, yet here too dedicated resources have been somewhat lacking.

This book provides tools and guidance previously unavailable in such a practical format.

The first of its kind for New Zealand, this hands-on guide is aimed at assisting boards to fulfil their governance obligations without the need for an unaffordable expert.

First-time and experienced directors can benefit from having practical tools, guidelines, checklists and templates to implement the theory they know but didn't know how to apply.

The consequences of better governance include more stable government, more profitable companies, a stronger economy and better delivery on the goals of organisations of all kinds.

*Corporate Governance — A Practical Handbook* is a welcome resource for everyone responsible for governance activity in New Zealand.

Phil O'Reilly  
CEO BusinessNZ

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Karen has worked in governance as a lecturer and researcher since 1998 when she started lecturing for the New Zealand Institute of Directors. Since then she has developed and delivered governance training programmes for the Commonwealth Association for Corporate Governance, Massey University and numerous enterprises, private and public, commercial and not-for-profit. She lectures and consults with directors and boards in India, Kenya, Mauritius, Sri Lanka, Fiji, Kuwait, Dubai, Malaysia, Australia, California and New Zealand. Karen has a private practice providing governance training and advice and company secretariat services.

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years. His focus is to help his clients improve their performance and achieve successful outcomes such as growth, profitability and sustainability in their business activities. He provides advice across a range of competencies including business and strategic advice, business planning, structuring, governance, accounting issues and tax.

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### **Phil O'Reilly**

Phil is chief executive of BusinessNZ, New Zealand's largest business advocacy group, representing thousands of businesses of all sizes. He works with companies, organisations and political and other decision makers, advocating for New Zealand's success through sustainable economic growth. Internationally, Phil represents New Zealand's interests to the Business and Industry Advisory Committee to the OECD, the International Organisation of Employers and the International Labour Organization. Nationally, Phil advocates on issues including innovation and science, green growth and business sustainability, and leads and contributes to several private and public sector boards and advisory groups.

### **Clive Smallman**

Clive is Professor of Management and Dean at the University of Western Sydney School of Management. The School is one of the largest in Australia with 200 staff and 10,000 students. Clive has worked at major business schools including Cambridge University's Judge Business School and the Bradford University School of Management. A Chartered Information Technology Practitioner, he has also worked as a programme and project manager in financial services, the gas industry, defence electronics and consulting. He holds the New Zealand Institute of Directors' Certificate in Company Direction and has worked with companies including Ford, GM, Shell, the Prudential and General Accident.

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**Mark von Dadelszen**

Mark's experience and skills with societies and charities are based on years of experience in the governance of, and advice to, a wide range of community organisations and in local government entities, as well as experience during his professional career in other areas of law relevant to societies and charities. Since 1972 he has been a partner of a legal firm in Hastings which has a long tradition of partners' service in governance roles in, and in providing legal advice to, community organisations. Mark's experience led him to write and self-publish a book about meeting procedure, *Members' Meetings*, in 1995 (now in its third edition). He then wrote *Law of Societies in New Zealand — Unincorporated, Incorporated and Charitable* in 2000 (now in its second edition). Since 2010 Mark has written regular articles on societies, charities and meeting procedure in the fortnightly *NZLawyer* magazine.

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## Author Acknowledgments

Governance is an emerging profession still developing its own evidence-based standards. I broached the need for a practical set of tools for directors with Dione Kimpton, the product manager at CCH New Zealand Ltd. Through Chartered Secretaries New Zealand, CCH was seeking authors to revise its publication *Corporate Governance — A Director's Handbook*. As usual I was blunt and direct in lamenting the lack of publications that gave techniques and "how to" guidance for directors instead of theory, case studies and (worst of all) war stories ("my experiences as a successful director"). Dione listened and then suggested that I do what I thought was needed. Without Dione's faith, this book would never have been written.

The book you hold in your hand (or perhaps on your eBook reader) started with a simple brief to interested authors — it had to be practical with minimal theory and maximal applicable advice in the form of checklists, templates and other "how to" instructions. I rejected almost as many chapters as I accepted; the challenge of transcribing best practice advice into user-friendly tangible tools is an art.

The authors are to be acknowledged for their understanding and ability to fulfil this difficult task.

Polishing the collective talents of the authors into a high-quality gem required Alison Ashton, the CCH editor assigned to this publication. Alison imbued the chapters with consistency in voice, formatting and cross-referencing. She gently converted legal and academic jargon into plain English. Her expertise has turned a herd of cats into a flight of ducks flying in formation. I am sure that any chair who has worked with an independent, diverse board can appreciate the talent and energy required to succeed in this task.

I hope this book meets our goals and your needs. Please let us know your experiences and suggestions at [info@boardtraining.co.nz](mailto:info@boardtraining.co.nz).

Wishing you great governance

Karen Martyn, PhD FCIS

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