# Governance

## Tools for Success

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# Entities for Public Benefit

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|---|---|
| **Collective** | • self organizing group of individuals sharing a common interest/issue<br>• focused on a specific outcome (event, service, advocacy)<br>• typically operate as an organizing committee, with a chair and members<br>• not regulated, but may be "sponsored" by an incorporated body to increase legitimacy |
| **Non-profit corporation** | • incorporated as a legal entity by either federal or provincial authorities under the Corporations Act<br>• not all are registered as a charity with the CRA<br>• can earn a profit, but profits are used to further its corporate goals (public benefit)<br>• profits cannot be distributed to shareholders, members or directors |
| **Registered charity** | • distinct from non-profits, charities run programs that meet criteria outlined by the CRA<br>• regulated by the CRA, must file annual returns<br>• are able to issue tax receipts to donors |
| **Foundation** | • type of registered charity that primarily exists to distribute funds to qualified recipients<br>• may give monies in the form of grants to other charities<br>• can serve as a funding arm for another institution (i.e., hospital foundations) or,<br>• carry out their own charitable works |
| **Social Enterprise***<br><br>*definitions vary | • businesses owned by non-profits involving the production and/or selling of goods and services<br>• "blended purpose" of generating income and achieving social, cultural, and/or environmental aims<br>• social enterprises are one more tool for non-profits to use to meet their mission to contribute to healthy communities |

# Common Board Structures

| Model | Key Characteristics | Tools - Actions |
|---|---|---|
| Collectives | • see previous slide | • see below |
| Working Boards No Staff<br>All facets managed by board. | • Chair led, board assigned areas of responsibility<br>• task specific committees are struck to assist in delivery of activities<br><br>• **Risks: volunteer burnout** | • board orientation, code of conduct, conflict of interest guidelines<br>• collective/individual expectations clarified<br>• seek financial expertise<br>• multiyear strategic plan creation/monitor<br>• integrated measuring tools/assessment process |
| Working Boards Small Staff<br>Operations shared by board and staff. | • policy and planning remain board's domain<br><br>• staff handle day-to-day administration, program coordination, financials, contract services<br><br>• **Risks: micromanaging, confusion of roles** | • clear roles defined for staff and board<br>• establish formal controls, operating policies and systems (incl. technology)<br>• hiring policy, employee orientation, contracts, job descriptions, professional development, conflict of interest policy |
| Advisory Boards<br>Operations managed by ED and staff | • board sets priorities and long term plans, ED executes<br>• board hires and supervises ED<br>• ED hires and supervises other staff /contract personnel<br>• board remains involved in advocacy and public affairs<br>• **Risks: creeping mission, board schisms, disconnect, paralysis** | • more robust planning, operating systems, procedures and metrics<br>• comms and outreach more complex and integrated<br>• comprehensive HR policies and procedures (reflecting staff diversity) |

# Incorporation and Charitable Status

**Benefits**

Tax Exemption, Public Trust

- legal entity status: easier to enter into contracts
- receive public funds (grants)
- receive donations – without tax receipts
- bank accounts, borrow monies
- purchase assets
- mitigate personal liability for debts and obligations
- **charities** have the added benefit of issuing tax receipts for donors.

**Restrictions**

Public Accountability, Penalties

- file mission statement, bylaws
- identify region of service
- membership,  client groups
- convene Annual General Meetings
- members appoint board and officers
- frequency of board meetings per year
- initial filing and regular reporting of board changes to authorities
- annual financial reporting/audits
- **charities** must file CRA annual return
- tax receipts issued in compliance with Income tax Act

## 21c Realities: Rethink Core Strategies, Structures, Leadership

Challenges

- turbulence
- uncertainty
- constraints
- complex
- fast-changing

Required

- relevance
- resilience
- resourcefulness
- creativity
- be *nimble*

# 21c Paradigm

"Leadership will become increasingly horizontal with an emphasis
on listening, engagement, collaboration, making sense,
and **developing a unifying sense of direction**."    *Gary Marx*


Governance as Leadership

Thought leaders advocate linking board governance and leadership
to ensure an organization's vitality in increasingly complex times.

Boards need to be aware, engaged and instilled with a strong sense of purpose.

# 21c: A New Framework for Board Leadership
## Three Modes of Governing

## 1. Fiduciary

**How** are we doing?

- stewardship of tangible assets
- overseeing operations
- ensuring appropriate use of resources
- ensuring legal compliance and fiscal accountability

## 2. Strategic

**What** are we doing? **Where** are we going?

- setting priorities for your organization
- developing and improving various strategies, and
- monitoring their performance

# 3. Generative Thinking

**Why** are we doing this?          What are the possibilities?

● Creating a culture of inquiry and retrospection. GT provides an essential third dimension to board oversight.

● Some have described it as calling upon a board's higher purpose.

● The process aims to supplement's staff expertise by asking a different set of questions; getting at the heart of an organization's purpose or raison d'être.

● GT is about probing assumptions and identifying the underlying values that should be driving strategy and tactics.

● Moves boards from problem solving to problem framing; helps to identify and better understand paradigm shifts.

● This mode is vital to the long term success of any board. It helps organizations identify their biggest challenges as well as most rewarding work.

# How to get your board into 'generative mode'

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| Consent Agenda | Where possible, save time by bundling all housekeeping items (i.e., minutes) into one document that is voted on as a package – without discussion. Allowing for more time to be focused to more important items. |
| Silent Starts | Spend time at the start of your meeting to reflect on the overall situation of your organization. Think big picture vs. isolated issues. Only speak if you have something to say. |
| 1 minute essay | If this meeting were to go on for one minute longer, here is what I would add to the conversation. Pass on to the chair as a possible topic for the next meeting. |
| Mini-executive sessions | Once agenda items are complete, allocate some time at the end of the meeting for informal open dialogue. |
| Plenary as committee-driven | Eliminate as many sub-committees as possible. Instead, create ad hoc groups focused on addressing specific strategic items. Let the board frame the strategic and generative questions for the ad hoc group.<br><br>*Source: Bill Ryan, Hauser Center for Nonprofit Organizations at Harvard University* |

# Trending in Governance Practice

- Robust Risk Management Practices
  (provincial leg. forthcoming in 2016)

- Smaller Fiduciary, Strategic Focused
  Boards  (reducing committee #)

- Stakeholder Engagement Strategy
  (integrated in the annual plan)

- Proactive Disclosure: Accountability,
  Transparency  (online)

- Adopting Smart Strategy and Values
  (using S.M.A.R.T. filter for planning)

- Agenda Redesign
  (board sets agenda, deeper discussion ops)

- Focus on Board Performance
  (self evaluations)

- Board Education
  (incl. individual strategies)

- Board Portals
  (24/7 access – save trees!)

*Source: Canadian Society of Association Executives*

# Applying "SMART" filter to strategy plans

| | |
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| **Specific** | •strategic objectives and actions must be specific and differentiated  (avoid vagueness, overlaps) |
| **Measurable** | •build metrics around each action so you know it has been achieved, and to provide point-in-time status reporting |
| **Agreed**<br>(buy in) | •board, management must agree on the objectives and actions and **endorse** the plan as the best way forward for the organization |
| **Realistic** | •hard look at "do-ability" with existing, projected resources, capacity<br>•start with mission, vision, and values<br> --if these aren't realistic, neither is the plan |
| **Time bound** | •establish detailed timelines for every action |