

GOVERNANCE

Good governance in the non-profit sector means effective board governance. The board of directors is charged with achieving desired results in the right way.

All boards share a fundamental stewardship role which includes the inescapable basic responsibility to promote the health and well-being of their organizations.

What follows is a basic job description of the board, though this may vary from one type of board to another in practice. The responsibilities necessary to fulfill the governance role fall under three broad categories:

Representation	<ul style="list-style-type: none"> • Represents the stakeholders • Carry the public trust • Facilitate board rejuvenation — organize the selection of new directors
Decision-making and leadership	<ul style="list-style-type: none"> • Establish or affirm mission: Development and/or custodianship of the organizational purpose, mandate and identity • Strategic Direction: Provide vision for the future; Develop and implement the long-term plan; Set or approve the general direction and financing of the organization; Ensure that the organizational mission remains responsive to changes in the environmental context and organizational realities; • Provide an accountability structure to management; direct and advise management; select, support, evaluate and, if necessary, terminate the senior manager • Financial Stewardship: Trusteeship of financial resources to ensure that funds are expended for the purposes intended • Human Resources Stewardship: Framework of HR policies • Risk management • Managing transitional phases and critical events: act as organizational safety net • Represent organization to the community
Accountability	<ul style="list-style-type: none"> • Ensure transparency of the process • Monitor and evaluate performance • Responsibility and reporting to stakeholders • Act as the ultimate source of accountability under the law for the performance and actions of the organization

The board's relationship to the senior management of the organization is critical. Senior management is the primary link between the board and the rest of the organization but also carries out important governance functions in partnership with the board. Choosing the CEO/ED is arguably the most important function the board performs.

Strengthening Board Governance

It is often difficult to know where to begin when attempting to strengthen Board governance. Find below the compilation of 18 helpful tips to get you started!

1. One Size Does Not Fit All

There is no one-size-fits-all governance model or framework that can be imported from elsewhere and applied successfully to your organization. A more useful approach is to build your governance framework around the good governance principles, and to make sure it is well-suited to your organization's size, culture, people, traditions and history.

2. Have a Clear, Up-to-date Mission Statement

Our approach at the Institute is to help organizations build a governance framework that is driven by their mission. That means that our first job is often to help organizations put together a brief, inspiring, distinctive statement that is neither too broad nor too specific, one that explains why the organization exists. It can be tricky for board members to agree on a clear statement, but this is vital in putting together a strong governance framework. If you already have a mission statement, make sure that it is up-to-date. Some organizations we have worked with, for example, have taken on significant new responsibilities or functions without renewing their mission statements.

3. Can you answer "where do you want your organization to be in 5 years"?

While a mission statement explains why the organization exists, a vision statement outlines where the organization wants to be. This can help guide the board as it selects new members and considers budgetary implications, for example.

4. Get the Right People Around the Board Table

Boards are only as good as the people who sit on them. Identifying and attracting members interested in serving as potential Directors of the board is an ongoing process, one that will certainly involve much of the Chair's time, and the interest and support of other board members as well, including a Nominations Committee (if your organization has one). Incumbent board members should be actively involved in selecting new board members – this not only creates an incentive for sitting board members to integrate new members into the group but also avoids exclusionary feelings that can create tension. It is important to look for new directors with strategically relevant experience. A good place to start is by tying the priorities in your strategic plan to the discussion of what traits and skills you will need on your board. Also, new board members' knowledge and skills should complement those of the CEO and top management, as well as those of existing board members, to provide a richer consideration and resolution of strategic issues. Other things to look for in new directors include their communications style, their personality and whether they actually have time to serve.

5. Have a Fair, Transparent and Appropriate Nominations Process

Is your nominations process fair, transparent and appropriate to your organization?

Using a calendar that lists key dates and responsibilities can help you keep on track with your nominations process. For example, if your Annual General Meeting where board members are elected is held every summer, your Nominations Committee or a task force of the board may want to begin putting together a slate of nominees in the late fall so that the board can review the list in the winter. This leaves the Nominations Committee time to follow up with potential candidates to secure their interest and availability, and also allows sufficient time for voting members to receive the information prior to the AGM. Another helpful tip for recruiting board or committee members is to create a form on your website asking members for feedback if they are interested in serving on the board or on committees.

6. Don't Leave New Board Members Out in the Cold!

An important task for any organization is to educate new members and equip them to become productive, knowledgeable contributors within a short time of joining the organization. In our experience, when asked, many directors say that when they were starting out on their boards, they could have benefited from more help from standing directors.

A thoughtful, deliberate orientation process creates a good impression, and signals the professionalism and seriousness with which the organization approaches its work. The creation of such a process ultimately saves time and avoids frustration for all concerned. Responsibility for the details and strategy of recruitment and orientation will normally reside with those board members charged with nomination responsibilities (or a Nominations Committee, if one exists). It is important that whoever handles these tasks assumes responsibility for ensuring that any printed materials used in the process are regularly updated. There are a variety of ways to undertake orientation and training including, but not limited to, printed documents.

7. Build Teamwork

One of the keys to making boards work better rests in board process and the nature of the interactions among board members. The ability of a board of directors to do all the things they need to do depends largely on the quality of the individuals who become directors and their ability to work together as a group. Group processes related to conflict and teamwork are critical determinants of board effectiveness. It is important, for example, for boards to make the most of the time they have together in order to develop team norms and to avoid having a small number of dominant directors take over deliberations.

Constructive conflict tends to improve decision-making in a board, because such exchanges can help the board to understand related issues, and to synthesize multiple points of view into a decision that goes beyond the individual perspective. Constructive conflict on boards can be fostered by preparing board members for meetings and scheduling meetings to provide an opportunity for debate. It is important for board members to be as inquiring as they feel is necessary on key issues, but there is a balance

to be struck between not ever challenging management and micromanaging every decision the CEO makes. Finally, building good board process also means avoiding destructive conflict – personal friction and tension – which can degrade group decision-making and interfere with the board’s ability to perform its key roles.

8. A Good Chair is Important to Have

The Chair of the board occupies a pivotal role and it is important that this role be performed effectively. The Chair plays a key role in: setting the tone and direction for the board; the nominations process; the setting of the board agenda; and many other responsibilities. A Chair should be a good leader who understands the issues, helps the board use its strengths to the fullest, and assists others in leadership roles. The Chair also needs to work closely with the CEO or Executive Director and others in the organization. Often, a Chair plays a representative role in the community and can serve as a spokesperson for the organization. It is important for the Chair to have good judgement, particularly when it comes to conflict of interest and ethical issues, and to know how to run a meeting well, in terms of making room for all to be heard, fostering constructive conflict, avoiding destructive conflict, and building teamwork.

9. Have Clearly Defined Roles and Responsibilities...

It’s important to have clarity around what everyone’s job is and what expectations are. Clear position descriptions for your CEO or Executive Director, Chair, Vice Chair and board members can help. Make sure to include information about term, selection and key responsibilities.

10....Particularly with the Board and CEO

A potential thorny issue is where the board’s work stops and that of the CEO or Executive Director begins. This is why it is important to clearly define the roles of the board, the CEO or Executive Director.

11. Know Your Duties... And Your Liabilities as Board Members

Board members of non-profit corporations have a variety of duties and liabilities and it is important for directors to understand them. Directors are required to exercise their power with competence and diligence in the best interests of the organization. They owe what is called a "fiduciary duty" to the organization. It is "fiduciary" because the obligation to act in the best interests of the non-profit, at its core, is an obligation of loyalty, honesty and good faith. Modern corporations statutes governing business corporations have a precise formulation of this fiduciary obligation, but non-profits do not: it is largely set out in case law.

As a general rule, directors are not personally liable for the contracts of, or the action or omissions of the non-profit corporation they serve because a corporation is considered to be a separate legal person at law. But there are exceptions and many instances of directors' liability, and these are slightly different in each province. Legal advice is

available free, or at minimal charge, through various avenues. Look for volunteer lawyer services in your area.

12. What About Board-Staff Relations?

The roles of the Executive Director or CEO and his/her staff and board members are interdependent. Each party has something the other needs, and boards have both a legal and moral responsibility for their organization's well being. A board has the authority to select the Chief Executive and monitor management. The CEO is dependent on the board for authority to function and manage the organization, and should view the board as more than a legal requirement. He or she also needs the collective wisdom that board members can bring to decisions about institutional mission, direction and values. Boards depend on their CEOs to exercise leadership by building a successful team of staff and volunteers, and by helping board members use their precious time most efficiently. Boards depend on CEOs for information and reports, as well as for valuable input in decisions and, often, for day-to-day management of the organization.

The way board members and chief executives treat each other's respective powers does more to affect the quality of leadership and governance than any agreement on proper boundaries. A good starting point for strong board-staff relations is to have clear boundaries between the role of the Chief Executive or Executive Director and the role of board members, particularly that of the Chair. Clear communication is also important, and this includes making the time to meet and discuss issues of importance. It is important to remember that board-staff relations are not static and there is no "one right way". They can change at various points in an organization's lifespan and depend on a variety of factors, such as how much of the operational work resides with the board versus the staff.

13. Make Sure the Board Is Getting the Right Information in the Right Format

When board members are well prepared for board meetings, this sets the stage for stronger interactions and, often, better decisions. Directors' busy schedules can get in the way of finding the time to prepare, but it is particularly frustrating for them to receive discussion materials just prior to a meeting. This is why it is important to give board members enough time to prepare for meetings. Time is one thing, but quality of materials is another. The information and reports directors receive should include enough detail to make them useful and board members should speak up to ensure that the materials are meaningful and complete. Having a one-page summary sheet for major (and often, lengthy) reports can help board members grasp the key issues quickly. Directors can then search out details in the longer report to supplement their knowledge.

14. Have a Code of Ethics or, at least a Policy on Conflict of Interest

It can be helpful to have a written document to help govern the conduct of members of the Board to ensure that business is conducted with honesty and integrity. A Directors' Code of Ethics can help define accepted/acceptable behaviours and promote high

standards of practice. A Code of Ethics can also provide a mechanism for disclosure leading to informed decisions on matters involving the ethics of the Board. One of the most important elements of a Code of Ethics is a policy specifically about conflict of interest. Board members are likely to be affiliated with many organizations and businesses, both on a professional and a personal basis, so it is not unusual for actual or potential conflict(s) of interest to arise. Such conflicts, whether real or perceived, can serve to undermine public trust and may constitute a breach of Board members' fiduciary duties. It is therefore important for the Board to discuss and then set out on paper (a) what conflict of interest means and (b) what board members should do if they perceive a potential conflict of interest. Beyond having a written policy, it is also necessary to periodically refresh board members on the policy through discussion.

15. Accountability Counts: Maintain Strong Relationships with Your Stakeholders

It is important to account to members and stakeholders on programs, activities, accomplishments (or results achieved), financial management and the state of key relationships. This involves strong communications and vehicles for messages to be sent out to stakeholders (such as through a newsletter) as well as ways to allow those with significant relationships to the organization to communicate back. Maintaining strong relationships with stakeholders strengthens the legitimacy of your organization and enhances its reputation. It also builds a sense of trust, and this can help bring in additional resources, such as volunteers and funding.

16. Be As Prepared as Possible for a Crisis

Having a sound governance framework always helps organization to weather crises. Clear roles and responsibilities and strong financial and organizational stewardship can make a huge difference. Many organizations find it helpful to have an emergency communications plan or strategy, and to identify spokespeople and key messages long before they are required.

17. Know If You're On Track: Consider Measuring Your Board Performance

Both individual directors and boards as a whole struggle with how to answer the question: "how do we know if we are doing a good job?" It can be useful for boards to regularly evaluate their performance as this process can help board members to better understand their role, and can provide valuable information on the board's weaknesses and strengths. For example, a performance assessment can help shed light on whether a board has the right talent around the table.

Before you start measuring your board, however, it is important to think about what kind of board exists now. Do you already know that you need different board members? Are there problems with micro-managing, or understanding of financial information? Should you train your board members better or change the documentation attached to your agenda? Should your priority really be on performance measurement? If so, should you use performance measurement to support another process of change?

Something else to consider is what your board sees as "good" performance. You need clarity on this to build a framework for evaluation of the board. All boards differ in terms of their levels of engagement, their board-staff relations, and their roles and responsibilities.

Once you've decided to proceed, there are different options for performance measurement. You can choose to evaluate individual board members, in order to help give participants the opportunity to improve their own effectiveness and better put their talents to use. You can also evaluate the board as a whole – something the Nominating or Governance Committee may have charge of as part of their mandate. There are a variety of options and approaches to use, including surveys, interviews and discussion. Sometimes outside consultants are used to ensure that the hard questions are raised, the sensitive issues are addressed and confidentiality is maintained.

18. Don't Try to Do Everything At Once

Remember that board governance is a journey, not a destination. Decide on what you want to accomplish this year, and set priorities for the next few years. There is no need to try to tackle everything at once. Despite the hot glare of the spotlight on good governance these days, it is still important to remember that doing governance for governance's sake is not the best way to proceed. Rather, the goal is to build and maintain a robust and appropriate governance framework in your organization. Getting there requires time, persistence, patience and strong leadership.