Board Models

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Overview

- Does it matter which governance model a board uses?
- Boards' roles and responsibilities
- Board models
- Board composition
- Common questions

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Governance is:

The process by which the board...

- sets strategic direction and priorities;
- sets policies and management performance expectations;
- characterizes and manages risk; and
- monitors and evaluates organizational achievements;

...in order to exercise its accountability to the organization and its owners.

A Governance Model therefore:

- Defines the <u>division of power</u> through the allocation of authorities and responsibilities.

- Includes <u>processes and structures</u> used to direct and manage an organization's operations and activities.

- Establishes <u>mechanisms to achieve accountability</u> between members and the Board of Directors and management.

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Why would a board consider changing or improving its governance model?

- Business model of the sport changed
- Members dissatisfied with board performance
- High rate of staff or volunteer turnover or difficulty attracting new board members
- Lack of capacity for necessary duties or responsibilities
- Lack of clarity in decision-making authority
- Concentration of power
- Inflexibility, inefficiency, duplication
- Board overly involved in operations
- Size – too large or too small
- Conflict of loyalty of board members
- Will not conform with new CNCA

Different board member profile is needed

How the environment is challenging governance in sport organizations

- Increasing complexity & sophistication

- Increasing professionalization

- Increasing demands by external stakeholders

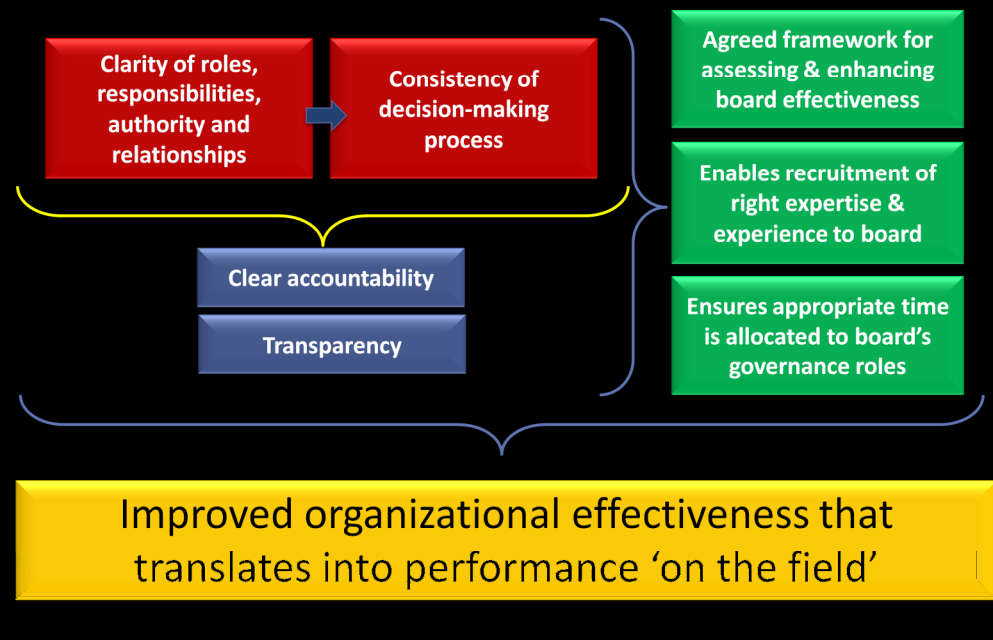- Tradition: technical experts, stepping stone model, multiple hats

Ensure the sustainability

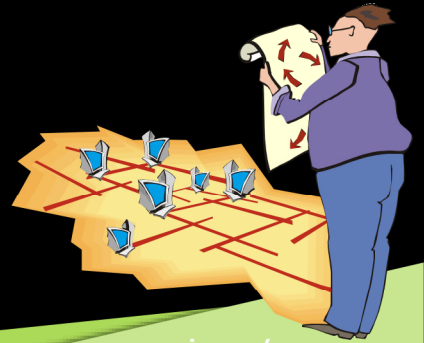Ensure relevancy of programs and services

Transparency

Accountability

Benefits from Governance Model "fit"

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┌─────────────────┐     ┌─────────────────┐        ┌─────────────────┐
│ Clarity of roles,│    │ Consistency of  │        │ Agreed framework for│
│ responsibilities,│ →  │ decision-making │        │ assessing & enhancing│
│ authority and   │    │ process         │        │ board effectiveness │
│ relationships   │    │                 │        └─────────────────┘
└─────────────────┘     └─────────────────┘        ┌─────────────────┐
                                                    │ Enables recruitment of│
         ┌─────────────────┐                        │ right expertise &  │
         │ Clear accountability│                     │ experience to board│
         └─────────────────┘                        └─────────────────┘
         ┌─────────────────┐                        ┌─────────────────┐
         │ Transparency    │                        │ Ensures appropriate time│
         └─────────────────┘                        │ is allocated to board's│
                                                    │ governance roles   │
                                                    └─────────────────┘
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│ Improved organizational effectiveness that   │
│ translates into performance 'on the field'   │
└──┘

BOARD ROLES & RESPONSIBILITIES

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Board Roles

- Governance
  - Mandatory: Policies providing overall direction to association

- Management
  - Mandatory: Ensure financial health & wellbeing
  - Mandatory: Provide direction to senior staff person

- Operations
  - Mandatory: None

Everything else is optional: Based on philosophy and resources

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Board Responsibilities

- Establish the association's <u>vision and direction</u>
- Ensure the <u>financial health</u> of the association
- Ensure the association has sufficient and appropriate <u>human resources</u>
- Direct organizational <u>operations</u>
- Ensure effective community and <u>member relations</u>

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BOARD MODELS

Board Models

- Administrative board

- Management board

- Policy board

- Policy Governance® board

Where boards typically spend their time

Administrative / Management Boards

Governance

Management

Operations

Policy and Policy Governance Board

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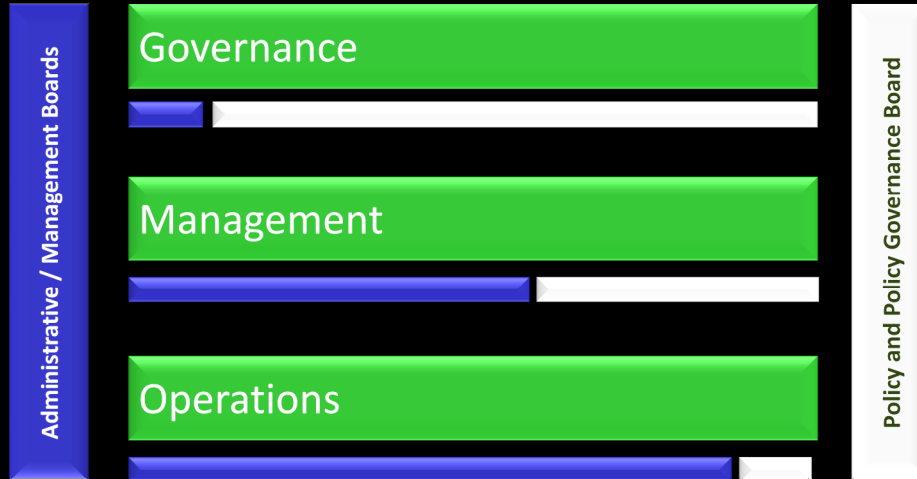
Deciding which model fits

- Which decisions does Board want to make for itself and which decisions does it want to delegate?

- How much involvement does Board want to have in the operations?

- How will the reporting relationship between the board and staff be defined?

Keep or report back	Delegation
High involvement	Low involvement
Mother may I?	Report results

Think of model as the role and approach that the board will take to its work

Four Models

HOW THE BOARD CARRIES OUT ITS RESPONSIBILITIES

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Stewardship	Direction	Finance	Human Resources	Operations
Ensure organizational performance serves the whole of the membership/sport	Establish the organization's vision, direction and priorities	Ensure the financial health of the organization	Ensure the organization has appropriate human resources	Direct the organizational operations

Administrative boards make and implement all governance and operations decisions.

Management boards make governance decisions and share decision making for operations with staff and committees.

Policy boards make governance decisions and delegate the responsibility for operations decisions to the senior staff person.

Policy Governance® boards make decisions in four policy categories that 1) specify results to be achieved; 2) set limits on CEO decision and actions; 3) specify how the board will perform its responsibilities and 4) state how it will delegate authority to CEO and assure accountability.

Can you translate the members' values, needs and priorities into a framework for organizational performance that avoids the risks

In every model, the responsibilities of stewardship are the same

- Exercise legally required duties of care and loyalty
- Ensure regular connection with members and stakeholders about needs, values, priorities
- Establish foundation: Mission, Vision, Values
- Ensure open and transparent decision-making
- Ensure external representation of organization 's interests nationally and internationally
- Accountability to members for organization progress and oversight

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ADMINISTRATIVE BOARD	MANAGEMENT BOARD	POLICY BOARD
Direction		
•Create and implement strategic and operational plan •Set organizational policies (few)	•Create strategic and operational plans and share implementation with staff & committees	•Lead strategic plan: focus on organizational outcomes •Delegate business and operational planning to CEO
Finance		
•Develop, approve, manage, monitor, report budget •Volunteer treasurer •Fund raise	•Approve and control budget •Share budget planning and management with committees & staff •Supported by VP/Finance or Finance Committee	•Approve budget, monitor financial condition, ensure integrity of controls •Supported by F&A Committee •Delegate budget planning, management, reporting to CEO/Expert staff supported
Human Resources		
•No or administrative staff •President = CEO	•Executive Director, other staff •HR committee: authority to hire, evaluate, compensate staff •President/Executive Committee = CEO •ED supervise administrative staff •Board establishes board committees accountable to board.	•Hire, direct, evaluate CEO •CEO hires, directs, evaluates all other staff •Board committees support board's work: nominations, legal, audit & are accountable to board •Operational/program committees set up by and accountable to CEO
Operations		
•Board members are also operational volunteers •Directly responsible for implementation of programs, services	•Board establishes operational structure: committees, staff •Board and committees have authority for decisions; staff implement	•Delegate authority to CEO •Establish mechanisms of oversight (risk management, performance goals, performance assessment)
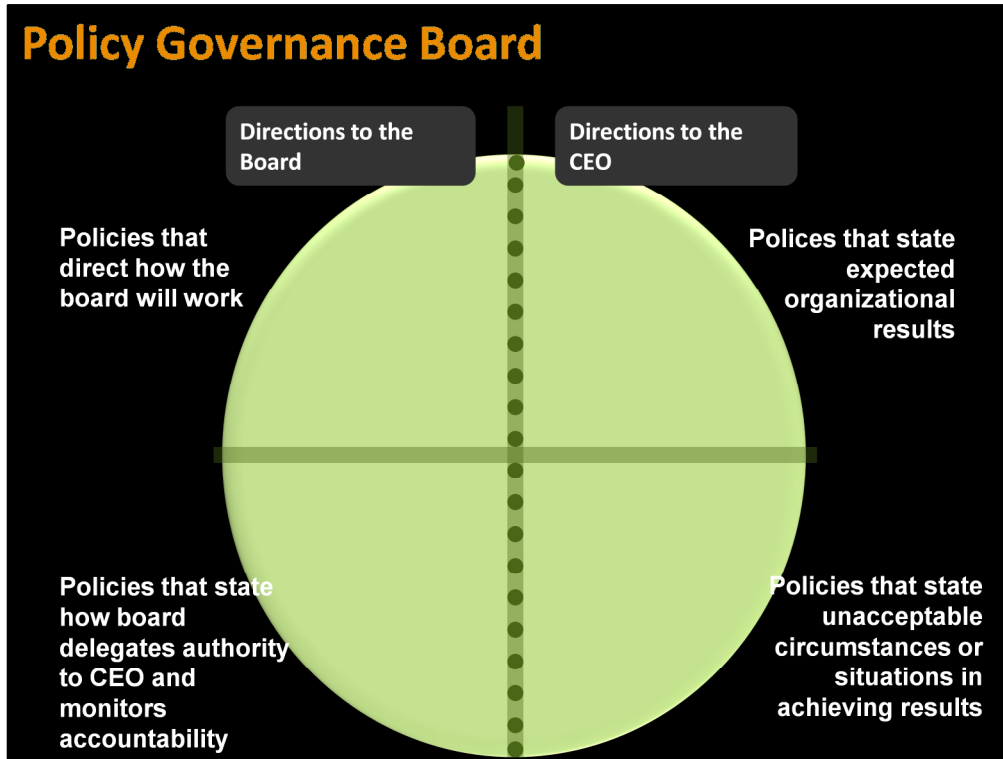
Effective delegation

First, state expectations in writing

Second, assign them to the party to be held accountable

To maintain control, the Board must be clear about who is the "delegatee"

Never assign one task to more than one person

Board should delegate primarily to TWO people

CEO

"CGO" – or as the role is presently called – the President (hence this explains the recommended change in title to Chair)

The Ch

	ADMINISTRATIVE BOARD	MANAGEMENT BOARD
Works well when	•Board members have management and operating skills	•✓
	•Board members are able to volunteer significant amount of time	•✓
	•Strong committee structure with clear lines of communication and terms of reference	•✓
	•Organization is small or local •Few or no staff	•Organization is becoming more complex, broader in geographical scope, hiring staff •Sufficient resources to support board and committee work
	✓	
Watch out for:	•Board members who lack skills to do their job	•✓
	•Insufficient time spent on thinking long-term or big picture	•✓
	•Board member burnout due to workload	•Duplication of effort by staff, committees & board •Competition for resources •Reduced impact of expert input through back and forth decision-making

	POLICY BOARD	POLICY GOVERNANCE BOARD
Works well when	•Organization is mature, has stable finances, broad range of programs & services •Board members have skills and interest to set policy; willing to take leading role in board committee functions •Skilled CEO •Board emphasizes recruitment, orientation and board education •Board is clear about which operational decisions it wishes to keep for itself and which it wishes to delegate •Board has well defined mechanisms for CEO accountability	•✓ •✓ •✓ •✓ •Board and CEO invest in initial and ongoing training needed for effective implementation •Board implements rigorous and systematic monitoring of results achievement and compliance with limitations
Watch out for:	•Board members who lack appropriate competencies •Board (or renegade members) wandering into operations •Board policy that lacks vision or strategic analysis •President and CEO isolate themselves from the board •CEO dependency/abdication of decisions to CEO	•✓ •✓ •Delegating the board's work to the CEO •Modifications that compromise the integrity of the Policy Governance® system

Regardless of the model used, ALL BOARDS MUST ENSURE THEIR OWN EFFECTIVENESS

Ensuring its own **succession**	Director and board profiles.
Orientation and ongoing **education**	Enable all directors are able to participate fully and constructively in board process.
Shared understanding and clear expectations of its collective role.	Decide upon and communicate its governance philosophy. Develop and apply a code of conduct and conflict of interest policy that expresses the obligations of directors. Provide job descriptions for the board, its committees and individual board roles.
Board policy manual or board charter	Different from organizational policy, ensures consistency of board practices by documenting expectations and processes.
Evaluate its process	Self-evaluation or neutral external assessment of whether or not the rules governing the organization are being followed.
Ensure **fair exchange** between board members and the organization.	In a non-profit organization, fair exchange for a board member's contribution can include: efficient use of board time, recognition of contribution, investment in ongoing education and development, insurance against risk, reimbursement of expenses, etc.

The Other Factor in a Model
BOARD COMPOSITION

Board Structure – in any model:

1. Size
2. Constituency & Competency
3. Terms
4. External Directors
5. Election of Chair

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What about size?

- 2010 Board Source Non-Profit Governance Index shows an average of 16
- Survey by Sport Law & Strategy Group of 58 NSOs shows approximate average 12-14
  - 9 or less members = 15
  - 12 or less members = 18
  - 13-18 members = 16
  - 19+ = 9
- CNCA requires a minimum of 3 in organizations that receive more than $10,000 in public funding
- Research is inconclusive about relationship between size and effectiveness

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	Small Boards
UPSIDE	• More likely to experience sense of unity • Easier to engage all members • Communication & interaction easier • Meetings: ↑flexibility in scheduling, ↑ cost efficiency, easier for teleconference/web meetings • Consistent with research about group problem-solving research
DOWNSIDE	• Fewer perspectives & skills available • ↑possibility of group think • ↓opportunity for diversity & inclusion • Volunteer burnout • ↑impact when leadership changes

So, what's the answer?

Visit the question of size on a regular basis.

Be clear how board size contributes to board's work.

Understand the rationale for board's current size.

Choose board size that facilitates effective decision-making with balance of competency, diversity, inclusiveness, credibility, and cost-efficiency.

Remember you can add advisory councils, ad hoc work groups or committees or honorary councils.

Be aware of common challenges your board size creates and introduce compensating practices.

Constituency and Competency

- Constituency-based/representational board
- Impact of new CNCA on representation
- Board profile – individual and collective – should fit the governance model:
  - Required competencies: skills, knowledge and qualities required for an individual to be effective
  - Desired diversity and inclusiveness: gender balance, official languages capacity, geographic perspective for board to be effective
- Elected, selected, appointed

External directors

- External directors come from outside your organization's membership
  - Add expertise (corporate, broader sport)
  - Objectivity
  - Deeper pockets or broader contacts
  - Corporate exchange
- Is there sufficient equity in relationship for the external director?

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Life saving Ontario model

Terms of office

- Terms of office should fit demands of model
- Three aspects
  - Length of term
  - Sequencing of terms of individual directors
  - Term limit

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The Board's Chairperson

- Option 1

  President or Chairperson is elected at the annual general meeting

- Option 2

  Board Chair is elected by the members of the board

NEXT STEPS

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What are our Next Steps?

Assess the "fit" of your organization's Governance model with its needs. It can be done by a governance committee or it may involve external assistance or expertise.
Establish scope of desired change.

1. Model is a fit however practices or processes need improvement or structures need to be redesigned.
2. Model is not a fit - need a different model.

3. Model is a fit and working well. CARRY ON.

•**Determine** if you have the capacity to address changes.

YES : Clarify work to be done, develop approaches, set a timeline, decide, implement and evaluate

NO: Seek appropriate governance expertise and assistance

Remember:

- Be deliberate in choice and consistent in implementation
- Get the right people: individual skills and composite group
- Boards need to take responsibility for the effectiveness of their own process
- The only TRUE measure of a board's effectiveness is whether the organization achieves the results it should within the boundaries of prudent and ethical action

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Different board member profile is needed

Thank you

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Next webinar

Implementing Your Strategic Plan

Dina Bell-Laroche

Sport Law & Strategy Group

February 28 (English)

March 7 (French)

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