GOVERNANCE WORKS!

BARBARA LASKIN

Governance Works!

A guidebook of governance essentials

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F O R E W O R D

Welcome to *Governance Works!*

Although governance may be the last thing on your mind as a board member or cultural manager, ensuring sound governance is very important work for any not-for-profit organization. Without good governance, organizations can fall into the trap of focusing more and more narrowly on day-to-day issues and personalities and leave behind the true objectives of the organization. When that happens, even the best and brightest organizations start to falter. However, when good governance is in place, organizations set realistic objectives which they are able to meet and this enables them to plan appropriately for future.

But, what exactly is governance? Many have written on governance subjects, such as relationships, board recruitment, how to set up bylaws and evaluate senior staff. We have a great deal of information, but do we really have a fundamental understanding of what governance is? This is what *Governance Works!* attempts to address — what is governance and why is it important to an organization?

This workbook is intended to be a tool to help you and your organization understand the fundamentals of governance and how to implement them. Keep the workbook in a handy location and use it on an ongoing basis as an introduction to governance, or as a refresher. Additional copies are available from Arts and Cultural Industries Association of Manitoba and SaskCulture.

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INTRODUCTION

When I was asked to create a guide to accompany a set of workshops I was developing for the clients of Arts and Cultural Industries Association of Manitoba (ACI) and SaskCulture Inc., I responded with considerable scepticism, for various reasons. First, there is a vast and growing body of literature available, much of it available on the Internet, that deals in whole or in part with the subject of board governance. To the degree that busy cultural executives or board members are prepared to invest time in reading such material, I wondered whether there was a need for something directed specifically at them — or whether the area of cultural board governance had already been adequately explored. I was frankly wary of creating a guide that was destined to gather dust on office shelves.

Second, the field of governance — our understanding of what it means and how it affects the performance of the organizations we serve — is rapidly evolving. With every new scandal, every misstep in government or in the corporate world, our attention is focused on the need for greater rigour in how organizations go about their business. This preoccupation has led to significant developments in countries around the world: new legislation, new ethical guidelines and accountability arrangements, revamped procurement systems, demands for greater transparency and inclusivity, and so on. In the voluntary sector, of which cultural institutions are an important part, there is a growing sophistication of management and board processes. Any guide that attempts to encapsulate best practices in board governance can at best offer a snapshot of current thinking and writing on the subject.

In spite of these concerns, I was persuaded by Kathleen Darby and Dennis Garreck that a straightforward guide, aimed at cultural executives and board members of cultural organizations, might serve a greater purpose than as a door stop. They were

convinced that there was a need to articulate the basic work of governance — to review the fundamentals of why governance matters to organizations in the cultural domain and how such organizations can ensure their governance arrangements are appropriate and effective.

This guide is thus presented, not as a definitive, "how-to" manual, but as a complement to existing literature, with the particular characteristics and exigencies of the cultural sector in mind. It is intended as backdrop to a live, interactive presentation on cultural board governance, and (I hope) as a handy reference for people who find themselves in need of some direction, or confirmation, as they assist their chosen organization in fulfilling its mission.

1. GOVERNANCE: FAD OR FUNDAMENTAL?

Readers might be forgiven for thinking that *governance* is a buzz-word like many others — constructs that burn brightly in the public consciousness for a time and then die down for lack of substance. If one were to judge by the amount of ink that has been devoted to governance in recent years, the number of purported governance "experts," and the way the term is thrown about, often without any serious consideration of what it means, one might conclude it was a fad, albeit a tenacious one. As with all fads, one might think we have only to hold our noses and wait for this aggravation to pass.

1.1 Defining moments

Part of the problem is that *governance* is a slippery eel as far as definitions go. Until a decade or so ago, the word was not commonly used and old definitions were out of synch with contemporary meaning (for example, an early Webster dictionary defined it as "government; exercise of authority; direction; control; management, either of a public officer, or of a private guardian or tutor."). Even today, there is no single way to explain concisely what it means, in a manner that has universal application. Definitions that play well to a corporate audience fail to resonate with the cultural community; even if the concepts are the same, the language and the instruments of governance may be different in these very different settings.

Many people and organizations around the world have attempted to define governance — perhaps because the term has acquired new meaning and relevance to the health of societies and organizations, and because our understanding is evolving as we consider its application in different spheres (e.g. in the corporate sector, in public institutions and the voluntary sector, in international and intergovernmental forums). It is interesting to note how few of these "definitions" are really definitions at all. Frequently, governance is said to be "about" something, to "refer to" something, as in the following offering from Wikipedia:

> Governance **deals with** the processes and systems by which an organization or society operate. Frequently a government is established to administer these processes and systems. The term *governance* is sometimes erroneously used synonymously with the term *government*.

> It is often used by corporate organizations to describe the manner in which a corporation is directed, and laws and customs applying to that direction.[1]

Other definitions of this kind frequently speak of "processes and systems," but fail to paint a true portrait. "Essentially," says a New Zealand author,[2] "governance, in the context of organisations, is about the structures, processes and relationships that are used in making decisions." Another definition holds that governance is

> the legal authority of a board to establish policies that will affect the life and work of the organization while holding the board accountable for the outcome of such decisions[3]

1. Wikipedia.

2. Professor Meredith Edwards, University of Canberra, in *Review of New Zealand Tertiary Education Institution Governance*, Ministry of Education, May 2003.

3. From BoardSource, formerly the National Center for Nonprofit Boards — a US-based "resource for practical information, tools and best practices, training, and leadership development for board members of nonprofit organizations worldwide."

It is easy to find fault with these and other definitions because of how fuzzy, imprecise and incomplete they seem. It is far more difficult to arrive at the *right* definition — one that expresses the concept simply and directly, but that nevertheless captures the breadth and complexity of the responsibilities governance entails.

The word *governance* itself derives from the Greek verb *kubernan* (which in Latin became *gubernare*) meaning to *steer* — in the sense of steering a ship. As applied to entities in the public and private sectors, one very simple definition might be "the art of steering organizations." Admittedly, our 21st century perspective vests the word *steering* with greater significance than it held for the early Greeks. For us, some notion of stewardship is implicit: establishing a vision or mission, setting a course, staying clear of shoals, guiding progress toward goals, and assuming overall responsibility for the organization.

Tim Plumptre of the Ottawa-based Institute On Governance has wrestled extensively with definitions:

> I find it useful to view governance as a set of ideas about how direction is provided to human activity — to any form of collective action. What distinguishes governance from management is that it is concerned with how the *big* (or strategic) decisions are taken — decisions related to achieving important goals, maintaining key relationships, and providing feedback - and who takes those decisions.

"Governance," he says, "is the process whereby strategic goals are set, key relationships are maintained, the health of the organization is safeguarded, and account is rendered for performance."

This is a basic definition that works well for organizations in the cultural field. Beyond definitions, however, the question confronting many is to determine how governance

"happens" — how the process is enjoined and how boards of directors can ensure it produces good results.

1.2 Beware of model-based, "off the shelf" approaches

Discussions of governance are often peppered with references to "governance models." Organizations seeking to improve their governance, or to put a governance framework in place, wonder which model to choose.

One of the best-known is the Carver (or "policy governance") model, an approach that holds that the role of the board is to set policy, and that of the staff to implement. It's a template that is based on separating "ends" (issues of organizational purpose) from "means," (all other organizational issues), as well as on establishing "executive limitations"— limits on the authority of the chief executive. Some organizations find the separation of policy and operational work helpful, and there is great merit in many of the principles articulated by Carver. For others, it has proven to be less workable. In the cultural domain, where paid staff, if they exist, are typically few in number, and organizations often coalesce around an artistic vision or community purpose, it is sometimes difficult to comply with the values, formality and rigid separation of roles associated with Carver.

There is another school of thought that holds that the word *model* is itself inappropriate, as it tends to imply something fixed rather than fluid, something "off the shelf," or "one-size-fits-all." Much of the current literature on governance supports the idea that organizations should be encouraged to devise their own approach, to create a tailor-made system based on the organization's mission and unique characteristics — "mission-based," as opposed to "model-based" governance. According to this view, there is no "one-size-fits-all" approach to governance, any more than there is a "one-size-fits-all" approach to manage-

ment. Furthermore, it is one of the board's basic responsibilities to apply thoughtful consideration to the kind of governance framework that is best suited to their situation, to ensure that it works well, and to adapt it over time as the needs of the organization change.

The fact is, there are many different approaches to governance, some of which have been formalized in the manner of Carver, others of which have merely evolved over time. In reality, organizations have different requirements depending on what they are trying to accomplish and where they are situated on the evolutionary spectrum. There is no point having — or, if you are a funding agency, requiring — an elaborate governance framework if the organization has neither the people nor the resources to support it. This does not mean that relatively simple organizations should pay no attention to governance, merely that what they put in place should reflect who they are and what their needs are.

There are certain inescapable responsibilities associated with service on a board, and there is much to be emulated in the way of "best practices." As long as they discharge these responsibilities and respect the principles of good governance, however, boards should feel quite free to design what works best for them.

1.2.1 Questions for reflection and discussion: Governance in your organization

1. Are the members of your board clear about the mission of the organization?

2. Is any attention given to governance?

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3. Do you believe your board adds significant value to your organization?

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4. If not, what do you think are the principal reasons?

1.3 Why bother with governance?

In the cultural sector, where resources are tight, time is at a premium and good volunteer board members are hard to find at the best of times, we are right to question why the issue of governance is truly worthy of our time and attention. Those organizations that are young, or outside the mainstream, find it difficult enough to deal with day-to-day matters and the

requirements of funding bodies, without having to focus on something seemingly so abstract. More established organizations might reasonably argue that they already possess the knowledge and expertise required to run a tight ship. Many of their board members come from the business sector, or may serve on other boards, so that they come to culture well equipped; their staff may boast a similar level of experience.

Nevertheless, it is helpful to review the principal reasons why governance matters, if only because it is a dynamic, not a static process. Well-performing organizations recognize that they can't view governance as a set of rules to be established, and then relegated to the storage vault. Governance is like the virus-checker on the computer, or some other critical software: it should be set up to receive "live updates" from time to time. Users should not only ensure their governance remains up-to-date, but that the version they have is suitable to their needs.

What if their needs are slight? There is a popular misconception that all small organizations want to grow and that their development follows a linear path. In reality, as indicated in a 2002 UK study, "many organizations evolve in loops, with cycles of fluctuating growth."[4] Some may be perfectly content to stay where they are, to avoid the formalities and responsibilities that attach to more sophisticated operations. For such organizations, a "lighter touch" approach to governance may be quite sufficient.

1.4 Four good reasons (and more besides)

For those who set their sites on something more — fulfilling an artistic vision or cultural mandate, which in turn entails such practical concerns as incorporation, paid staff, public

4. "A Lighter Touch: An Evaluation of the Governance Project," Sarabajaya Kumar and Kevin Nunan, Voluntary Action Camden, 2002.

funding, private sponsorship, partnerships, new facilities, and so on, governance becomes a live issue. The reasons for this can be summarized as follows:

1. Legal responsibilities

In the voluntary sector, boards of directors oversee the affairs of incorporated entities. They are vested with the power to make critical and strategic decisions, but they also have fiduciary and other legal responsibilities[5] that derive from governing legislation, both federal and provincial. If the organizations they serve are registered charities, they have reporting and fundraising requirements to meet and a duty to ensure they remain faithful to the purposes for which they were accorded such status. They are subject to numerous legal liabilities and potentially exposed if they have not taken precautions to ensure compliance; ignorance of the rules does not win them a free pass.

The proposed new *Canada Not-for-Profit Corporations Act* will soon replace the *Canada Corporations Act, Part II*, which currently provides the framework for the federal incorporation and governance of more than 19,000 not-for-profit organizations. Significant changes are proposed. Although these changes are intended to modernize and improve the framework for the benefit of the sector, boards of directors will need to know how their governance is affected and will have to take steps to ensure compliance with the new rules.

2. Ethical and moral responsibilities

No one who reads the news could have missed hearing of the numerous scandals, real or alleged, that have plagued the public and private sectors in recent years. In Canada, as in other countries, there has been an awakening of interest in governance as a result of these reports, and an increased focus on boards at all levels. The final report of the Panel on Accountability and Governance in the Voluntary Sector in 1999 (a.k.a. *The Broadbent*

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5. See p.59, Selected Reading/Resources Related to Governance.

Report) urged voluntary sector organizations to adopt new measures for increased transparency, accountability, ethical fundraising and good governance.

Although high-profile, governance-related scandals may be rare to non-existent in the cultural sector, arts and culture organizations have been subject to some of the same pressures to improve. Those that are member-based, that engage in fundraising and/or advocacy and that seek public funding are increasingly compelled, whether by external forces or internal voices, to examine and strengthen governance arrangements. To the degree that they fail to do so, they become vulnerable to attack, especially by those who think public support of culture is wrong, or indefensible in relation to other priorities.

3. Responsibilities to donors and funding agencies

Sponsors, donors and the funding agencies in particular have begun to ask pointed questions, or to establish new criteria related to governance. The atmosphere of heightened vigilance that pervades public institutions is passed on to the organizations they fund, not only to minimize the potential for risk and embarrassment, but from a desire to see organizational capacity enhanced. The growth of the cultural sector, without a concomitant growth in the operating funds available to sustain all the players, has meant increased competition and a tendency toward new capacity-building programs that emphasize the governance role.

Whether all this attention is legitimate in all cases is beside the point. Certainly, there are some in the cultural sector who feel that some funding agencies and foundations have become overzealous, demanding more than their level of funding entitles them to ask. However, there is little doubt that time invested in establishing sound governance practices helps to elicit stronger support from the funders; governance could just be the tipping point in a situation where the grant request could go either way.

4. Good governance is a key indicator of success

In arts and cultural organizations, it's not difficult to establish what's important. Generally speaking, such organizations grow out of a strongly felt need to support an artistic, or cultural, vision or mission — whether that vision is centred on the work of an individual or collective, whether it seeks to engage and educate communities, entertain audiences, develop an art form, or press a point of view. Above all else, the vision has to have "legs" if the organization is to succeed.

Of course, it needs a lot of other things to survive: human and financial resources, champions, people who want to see, or buy, or experience the work on offer. Also, however, it needs a governance framework within which it can pursue its mission.

Current literature is unanimous in the assertion that good governance is essential to effective organizations. It leads to

- **a greater sense of credibility:** members, funding bodies, donors and sponsors trust the organization to manage its affairs (and their money) responsibly and to achieve the goals it sets for itself, and for which it seeks support;

- **legitimacy:** the organization has a clear mandate to pursue its mission, and does so in accordance with all relevant legislation, bylaws and a coherent set of policies; it is connected to and legitimately represents the interests of its members;

- **the ability to manage risks and weather crises:** the well-governed organization is one that has contingency plans, that has addressed potential threats (through measures such as succession planning) and that is most likely to succeed in enlisting critical support in times of need;

- **financial stability;**

- **a climate and relationships favourable to fundraising;** and

- **a greater likelihood of achieving specified goals:** its performance meets or exceeds expectations and people value the work it does.

1.4.1 Questions for reflection and discussion: Does your organization measure up?

1. How well-informed is your board about its legal responsibilities and liabilities?

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2. If your organization were to come under criticism from funders, members or the public, could you articulate and defend the governance policies and practices in place?

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3. Are these policies and practices written down anywhere?

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4. Does the board of your organization participate meaningfully in reviewing overall performance and accounting to funders for the use of funds?

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5. Do you consider your organization to be successful in meeting its goals?
If not, why not?

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2. SO WHAT IS IT MORE PRECISELY? THE ELEMENTS OF A GOVERNANCE SYSTEM

As indicated in the discussion of definitions in 1.1, governance is a term that embraces large concepts: establishing vision, setting direction, stewardship, oversight, accountability, and so forth. But the conceptual aspects aside, what are the elements that make up an organization's approach to governance?

2.1 The governance framework

Governance rests on a framework of core documents, policies and traditions that shape how big decisions are taken, important relationships are maintained, the overall health of the organization is assured and account is rendered for performance. Taken together, these three elements form a kind of scaffolding that supports governance work:

• **Core documents** consist of governing legislation, both federal and provincial, to which the organization is subject (e.g. the *Canada Corporations Act*, to be replaced in due course by the *Canada Not-for-Profit Corporations Act; the Income Tax Act [registered charities]*; the *Charities Endorsement Act* of Manitoba; the *Non-Profit Corporations Act* of Saskatchewan, etc.). This legislative underpinning sets out the

duties and legal liabilities of the board of directors, as well as their obligations with respect to annual filings, disbursement quotas for charitable funds, fundraising practices, and so forth.

Other "foundational" material includes articles of incorporation, letters patent, constitution and by-laws, partnership agreements, etc. These express the central purpose and essential characteristics of the organization: structure; number of directors and terms of office; meeting and voting requirements; quorum; and other defining features, such as responsibilities and constraints.

- **Policies and systems** put in place by the board and members accumulate over time. They might cover such areas as the structure and responsibilities of the board; detailed roles descriptions of directors, officers and committee chairs; committee terms of reference; codes of conduct and conflict of interest policy; rules of order, meeting management and decision-making processes; delegation of authority to and evaluation of the performance of the executive director; and other significant guidelines the organization is committed to follow. The degree to which policies and systems of this kind have been articulated, written out and communicated to board and staff will vary greatly from one organization to another. It is easier to be systematic if your organization has been in existence for some time and has paid staff and a stable revenue stream, along with individuals committed to establishing order and clarity through formal policies.

- **Traditions**, largely unwritten, are the accretion of informal practices, principles, procedures and culture that grow up around every organization — the way board members have been recruited and oriented, the degree of formality at meetings, the nature of the relationship between the board and staff, the way information is shared, the latitude given to staff to participate in policy-making, the leadership style of the board chair, etc. It is often these traditions as much as anything else that determine

how well the organization works, how easy or difficult it is to recruit new members and what kind of reputation it enjoys with members and stakeholders.

Traditions are important, but they can also be stifling if they prevent the organization from growing or changing to reflect contemporary mores. It is important to strike a balance between respect for the culture of the organization, its traditions and values, and openness to new approaches. It is important to ask, "Is this a sacred tradition that expresses who we are and what we stand for, or is there a better way?"

2.1.1 Key elements of the framework, or "scaffolding," supporting the organization

In formally constituted organizations, actions are governed by legal instruments such as bylaws and letters patent, as well as by policies and traditions that set out how the organization has chosen to function. The following is a list of key elements in this framework. Are you familiar with how your organization has dealt with these issues? Can you identify where they are referenced? Are there some that require attention?

Where is this documented/ lodged in your organization?	Constitution, bylaws,letters, patent, etc.	Recorded policies	Unwritten traditions	Other
Official name/location				
Official objects/purpose				
Amending procedure				
Membership qualifications				
Member fees, if any				
AGM rules/notice				

Where is this documented/ lodged in your organization?	Constitution, bylaws, letters, patent, etc.	Recorded policies	Unwritten traditions	Other
Quorum				
Member voting procedures				
Appointment/election of officers				
Duties/role of officers				
Terms/ removal of officers				
Number of directors				
Director elections				
Ex-officio board members				
Removal of directors/filling vacancies				
Terms of office				
Meetings of directors (how, where, how often)				
Major duties of the board (legal duties and liabilities)				
Powers of the directors				
Role/responsibilities of directors				
Director voting procedures				
Rules of order				
Remuneration/Expenses of directors				
Indemnity of directors				

Where is this documented/ lodged in your organization?	Constitution, bylaws,letters, patent, etc.	Recorded policies	Unwritten traditions	Other
Code of conduct				
Conflict of interest				
Audit procedures				
Fiscal year				
Signing authority (contracts, deeds, shares, cheques, etc.)				
Number and composition of committees				
Role of committees/ relationship to staff				
Recruitment/orientation of directors				
ED (or equivalent) authority/ job description				
Performance evaluation of ED (or equivalent)				
Board meeting schedule				
Rules governing board attendance				
Asset management				
Financial management				
Conflict resolution				
Communication with members				

2.2 The principal tasks associated with governance

This governance framework, or scaffolding, made up of core documents, policies and traditions, is what supports the actual *work* of governance. It gives rise, in fact, to a series of tasks and responsibilities that are distinct from management and that fall largely, although not necessarily exclusively, within the purview of the board.

There are many different, equally legitimate ways of describing governance work, of breaking it down into categories that make sense. It can be helpful to look at alternative formulations; the bibliography at the back of this document lists books and articles that have their own approach. For the purposes of this project, however, we offer the following list of eight major governance tasks:

2.2.1 Developing a long-term perspective

It is generally understood that the role of the board is to focus on the big picture — the high-level issues that confront every organization. Establishing and reviewing, usually in collaboration with senior staff, the artistic vision, mission and goals of the organization is a large part of this.

Because the board is the legal steward, it must be concerned with the organization's survival over the longer term: this means preoccupying itself not only with what is on the horizon now, but what is forecast for the future. It means thinking strategically about things, ensuring that appropriate mechanisms are in place so that the mission is fulfilled and goals are achieved. It usually means participating in strategic planning, although the degree of detailed planning work the board undertakes will depend on factors such as the size and experience of the staff. The fewer the staff, the more the board is required to roll up its sleeves and take an active part in elaborating (as opposed to monitoring or evaluating) plans for the future.

In many ways, this ability to develop and maintain a long-term perspective, to apply strategic thinking to the affairs of the non-profit corporation, is absolutely key to how well prepared the board is to perform its other governance tasks.

2.2.2 Ensuring sound performance

In arts and culture organizations, good performance may have something to do with the bottom line, but it is primarily about other factors: how successful the theatre company was in building its audience; how the service organization expanded its membership; how the museum diversified its collection and increased attendance; how many new artistic voices were added to the presenter's programming.

One of the tasks of the board is to make sure the organization has clear performance indicators — that it has flagged for itself what constitutes good performance and that it has somehow tied this to the vision, mission and goals established in the strategic and operational planning process. Included among these indicators may be things that are not easy to measure and that, to be properly assessed, may require outside expertise.

Because so many cultural organizations depend on grants, sponsorship and donations, they may have to take account of the criteria imposed by external, as well as internal voices. They must develop the capacity to monitor and evaluate performance against all these goals and criteria.

Another part of ensuring sound performance is maintaining a solid grasp of what the organization needs to sustain its activity and enhance organizational capacity. This is an area that overlaps with the visioning and planning role of the board, articulated above, as well as with several others. It has to do with areas such as staffing (hiring and evaluating the performance of the executive director or equivalent is sometimes regarded as the most important

of the board's responsibilities), succession planning, appropriate allocation of resources among competing priorities, etc.

2.2.3 Ensuring financial health

While the bottom line is not what drives arts and culture organizations, the need to secure their financial health is one of the imperatives of board membership. To remain solvent, most organizations in the sector rely on a mix of earned revenue, government or agency grants and private support. A few may have endowments, or aspirations to establish one. Some may own, or hope to own, their own facilities, for which they require special funding through capital grants and campaigns.

Boards can be more or less involved in the various activities aimed at keeping the organization afloat and providing for its future development, particularly fundraising (about which, more later); in many cases, they are acting in their capacity as volunteers, rather than governors. What they cannot escape, however, is exercising oversight in respect of finances and financial management. Among other things, this involves them in

- reviewing the organization's approach to financial planning and budgeting (rather than budgeting itself);

- approving the annual budget and conducting regular reviews of financial performance;

- making sure there is adequate diversification of revenue so that the organization isn't caught out if there is a sudden or dramatic decline in revenue from a principal source;

- ensuring there is a cash-flow management system in place (this is especially important for those whose revenues fluctuate significantly due to granting schedules or cyclical performance activities);

- making sure there are appropriate accounting policies and financial controls;

- appointing an independent auditor (where this is required by granting bodies or legislation);

- establishing or approving investment policies;

- developing policies for the management of capital or reserve funds; and

- ensuring the organization has, or has access to, the necessary financial expertise to support its needs.

The role of the board in fundraising gives rise to considerable debate. There are those who advance the old adage, "Give, get or get off," while others believe board members should both give (to the limit of their ability) *and* get. Says Margaret Genovese,

> The level of a board's personal giving to a cause is a prime indicator of the organization's fund-raising potential. A board with a low level of giving acts as a deterrent to the whole fund-raising effort. Boards that are not capable or willing to maximize their own giving will not be successful at fund-raising.[6]

In reality, the role the board plays varies from one organization to another, and there are no hard and fast rules. In some cases, the board is massively involved in developing and implementing fundraising strategy; in others it merely approves the strategy, but leaves the heavy sledding to the staff. In most cultural organizations, many different types of fundraising occur (e.g. individual donor and membership campaigns, requests for corporate sponsorship, capital campaigns, and special events) and the degree of board involvement will vary with the activity. Some, such as associations and service organizations, may have limited potential for fundraising outside their membership. From a governance point of view, the real obligation of the board is to ensure financial health and, if fundraising is a necessary part of survival, to ensure that it happens, and happens in a way most likely to meet with success.

6. *How to Get the Board You Need*, Margaret Genovese with Dory Vanderhoof, pub. Orchestras Ontario, 1997, p.24.

2.2.4 Ensuring sound relationships

On the inside

Making sure the organization builds and maintains sound relationships internally and with outside stakeholders is another of the major tasks of the board. Inside the organization it means promoting trust and respect among board members and between board and staff, and ensuring high standards in human resource practices. While the hiring, firing and management of staff are normally the responsibility of the executive director (or equivalent), the board must set the tone and policies that protect the organization in a legal sense and make it a good employer.

The Chair and the ED/AD

The relationship between the board chair and the executive (or artistic) director is arguably the most critical in building a successful organization, and a great deal has been written about it.[7] Both have to exercise and exude strong leadership to motivate and inspire others. The importance of good chemistry cannot be overemphasized. The damaging effects of a poor relationship are seldom contained within the walls of the organization itself; they have the potential to destabilize it by undermining its reputation in the community.

> There is an acknowledgement that effective organisations depend on an effective partnership between governance and management, which in turn depends on clarity and differentiation of roles and functions between the two. The challenge across the sectors is in finding the right balance where board members are actively and usefully engaged but never moving into the area of duplication or even micro-managing the work of the managers.[8]

7. See *Working with a Non-Profit Board: Tips and Tools for Cultural Managers,* Sybil Frei, Creative Management Project (a collaboration between the Canadian Conference of the Arts, the Cultural Human Resources Council, the Canada Council for the Arts and the Department of Canadian Heritage), p. 5, section 3.3.

Clearly delineating the roles and expectations of board and staff is paramount, but so too is finding ways of working constructively together, since collaboration between board and management is required to accomplish many governance tasks. It is the chair's responsibility to get the information the board needs for sound decision-making, just as it is the senior staff's responsibility to give it. The dialogue must remain open and the flow of information must go both ways, so that no one is ambushed by unreasonable demands or sudden revelations.

It can be a challenge for an enthusiastic chair to recognize when to scale back demands in accordance with the staff's ability to respond. Too frequently, boards anxious to play a more active role, or to put a more elaborate governance system in place, forget the added burden this places on staff that may already be stretched to the limit.

In addition, it can be a challenge for the chair to strike an appropriate balance between supportive intervention and interference. What works well in the early years, when boards are often called upon to play a more hands-on role, no longer fits the mature organization. Boards who are transitioning to a more formal governance system sometimes forget about delegated authority and tinker with operational matters that have been delegated to senior staff. In the case of arts organizations, they sometimes yield to the temptation to meddle in areas that are the purview of the artistic director.

For arts organizations, the board's role in relation to artistic policies and decisions is a sensitive matter. Having areas of responsibility clearly spelled out is helpful, but achieving a high level of trust and respect between board and staff — and especially between the board chair and the executive or artistic director — is equally so. To say categorically that the board has no role to play in artistic policy is probably simplistic. The board is ultimate-

8. "Issues, Concerns and Best Practices in Governance in the Non-Governmental, Public and Corporate and Inter-Governmental Sectors," a draft paper by Piers Campbell and Judith Hushagen, MANNET, Geneva, January 2000.

ly responsible for how the organization performs (in the corporate sense of the word) and, to the degree that its performance is bound up with artistic decisions, it must be able to express itself on some artistic questions. However, its principal intervention in this regard is its ability to hire and fire the artistic head of the organization. Once it has chosen the director, it is best to respect that person's superior artistic judgment and experience, and allow him or her the freedom to exercise it.

For executive and artistic directors, recognizing the board as a strong asset, rather than a necessary evil, sets the stage for a productive — with luck, a highly productive — relationship. The trick is learning to value and exploit the talents and resources of the board, while having the confidence to challenge ideas that may not be in the best interests of the organization.

In spite of the potential pitfalls, a good relationship between the two people who lead the organization is, at its best, a powerful force.

On the outside
Good governance is also characterized by an ability to forge sound relationships with stakeholders and others critical to maintaining the health of the organization and its reputation in the community: funding bodies, sponsors, donors, suppliers, the media. This is an area that calls for close collaboration between board and staff. In many instances, the staff will carry the principal burden of regular contact with these external players. However, the board is ultimately responsible for ensuring the relationships are healthy and the flow of information adequate.

When things go wrong, or threats appear on the horizon, stakeholders look for evidence that the board is on top of developments and prepared to act. The stronger the relationships that have been built over time, the more likely it is the organization will be able to weather periods of crisis.

2.2.5 Rendering account

Cultural organizations, like others in the voluntary sector, have long recognized their duty to render account to principal stakeholders—those who provide public support especially. They are increasingly called upon to manifest their involvement and agreement with the reports and information offered in respect of grants. They must be prepared to stand behind what is presented and to communicate knowledgably about it if questioned.

Most grant-giving bodies look not only at financial and artistic results, but also at governance as a significant factor in determining how to respond to requests for operating, or sizable project grants. In a description of how applications are assessed, the Canada Council for the Arts notes that "Suitability and quality of governance and administration, including managerial and financial stability, account for 15–20%." Accountability thus encompasses preparedness to subject the organization's governance arrangements to scrutiny.

2.2.6 Anticipating and managing risk

Just as organizations undertake strategic planning to lay out priorities for future action, so too must they learn to look ahead for any developments that might derail their plans, or affect stability. For cultural groups who rely for their survival on unpredictable assets such as new productions or exhibitions — as well as funding, fundraising and significant volunteer effort — risks and threats abound.

In virtually every area of operation, there are decisions to be made about what level of risk to tolerate and what measures to put in place by way of mitigation or aversion: financial management, stakeholder relationships, funding, charitable status and fundraising, issues surrounding property and other capital assets, staffing and employment issues (turnover,

succession, wages, working conditions, union demands), timing of events, programming, investment, insurance and liability, etc.

As their organization grows, the board must commit to managing the myriad risks particular to them. They should think about expressing that commitment in the context of a plan that sets out appropriate coping mechanisms, policies and strategies.

2.2 7 Representing & advocating effectively

This is a task that overlaps to some degree with that of ensuring sound relationships, but it describes the ambassadorial and advocacy functions that many cultural organizations are called upon to exercise. It is the area of activity that is concerned with enhancing and extending the image and reputation of the organization, not merely with stakeholders, but with the local community, the media, potential sponsors and donors, and the public-at-large. It also encompasses the need to exert influence, and in some cases, to lobby — to assist in developing strategies and conveying important messages, or positions, on issues of public policy.

Typically, board and staff are engaged in this type of work. The division of responsibility may derive from established board policy, or may simply be a matter of tradition and individual competencies: who's best at doing what. The important thing, according to much of current literature on governance, is to ensure that the organization speaks with one voice — that board and staff don't contradict one another — and that, where advocacy efforts are concerned, carefully devised plans are closely followed.

2.2.8 Ensuring a sound governance framework

Finally, and as indicated at the outset, it is important that governance remains a live issue.

This means that organizations should not only put a thoughtful system in place, but should document key aspects; there should be a mechanism to ensure the familiarity of all board members with the system and opportunities for them to assess their performance internally and, where necessary, through external review.

It is also a good idea to instill in each organization a culture of learning, whether by encouraging board and staff to take advantage of professional development opportunities, alerting them to new online or written resources, or by creating occasions for them to share knowledge and experience with other organizations.

Many boards are taking the step of creating a committee charged with this responsibility, or of expanding the terms of reference of the nominating committee to include governance. This establishes the nominating committee as a locus for recruitment, orientation and ongoing governance work, including the documentation and updating of key governance policies and bylaw changes. Many boards pay scant attention to their bylaws, even though they are legally bound to act in conformity with them. One of the useful roles of nominating (or governance) committees is to encourage familiarity with, and periodic reviews of, the bylaws. Frequently, although not necessarily, nominating committees are led by the past chair, on the theory that intimate knowledge of the organization ("institutional memory" to some) facilitates the task.

2.2.9 Exercise: Key Governance Tasks

In light of the above description of key governance tasks, how do you feel your organization performs in all of these areas? What challenges do you face? What advice and lessons might you have to share with others? What are other organizations doing that you might like to try?

Developing a long-term perspective

HOW THIS GETS DONE IN YOUR ORGANIZATION

CHALLENGES

IDEAS FOR CHANGE AND IMPROVEMENT

Ensuring sound performance and organizational health

HOW THIS GETS DONE IN YOUR ORGANIZATION

CHALLENGES

IDEAS FOR CHANGE AND IMPROVEMENT

Ensuring financial health

HOW THIS GETS DONE IN YOUR ORGANIZATION

CHALLENGES

IDEAS FOR CHANGE AND IMPROVEMENT

Ensuring sound relationships

HOW THIS GETS DONE IN YOUR ORGANIZATION

CHALLENGES

IDEAS FOR CHANGE AND IMPROVEMENT

Rendering account

HOW THIS GETS DONE IN YOUR ORGANIZATION

CHALLENGES

IDEAS FOR CHANGE AND IMPROVEMENT

Anticipating and managing risk

HOW THIS GETS DONE IN YOUR ORGANIZATION

CHALLENGES

IDEAS FOR CHANGE AND IMPROVEMENT

Representing and advocating effectively

HOW THIS GETS DONE IN YOUR ORGANIZATION

CHALLENGES

IDEAS FOR CHANGE AND IMPROVEMENT

Ensuring a sound governance framework

HOW THIS GETS DONE IN YOUR ORGANIZATION

CHALLENGES

IDEAS FOR CHANGE AND IMPROVEMENT

2.3 The core ethics, values and beliefs that animate the organization

Many books and articles on governance speak about the board as the guardian of mission and values. These values are the third component of the governance system elaborated in this document. They are not always recognized explicitly in cultural organizations, except for those that are expressed in the form of conflict-of-interest policies, or codes of behaviour. They are nevertheless what drive the organization to do its work in the way it does, that speak to deeply-held beliefs and principles that relate to why it was created in the first place. If one were to think of the organization as a person, they could be described as that person's "character" and "integrity."

All cultural organizations believe in the value of culture to society. While they may be viewed on one level as a vehicle for the founders (or their successors) to pursue a certain type of activity, there is always an intention to share that activity, or the results of it — to serve a public good or purpose. It is precisely these founding principles and beliefs — that children become better, more creative people if they experience art; that museums and historical societies are an important gateway to understanding our past and informing our present; that reading opens minds and promotes literacy; that community art projects are an effective way of addressing youth alienation; that cultural experiences provide inspiration and spiritual sustenance — that attract committed board members in the first place and spur them to work on the organization's behalf.

Beyond these social and cultural values, there are other values at work in the organization, guiding behaviour and relationships. In the corporate sector, the scandals of recent years have focussed increased attention on codes of conduct, principles of governance, and what is often dubbed "corporate social responsibility." Although not driven by profits and therefore less vulnerable to instances of graft and corruption, cultural organizations have accountabilities too. Whether encapsulated in policies and specific codes, or simply

embraced in practice, values relating to transparency, diversity, privacy, ethical fundrais-ing, conflict of interest, employee relations, and so forth, are important to acknowledge and review.

2.3.1 Questions for reflection and discussion: ethics, values and beliefs

1. In your organization, what core values are at play?

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_____

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2. Has the board gone through a process of articulating them?

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_____

3. How are they communicated to new members?

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_____

4. Are they reviewed on occasion and, if so, under what circumstances?

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_____

5. Are you satisfied that these core values are respected and reflected, both in the work the organization undertakes and in how it functions?

_____

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6. Have you adopted a conflict of interest policy, or any other codes of conduct?

_____

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7. If so, do you feel this policy is observed?

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3. THE SPECIFIC ROLE OF THE BOARD

The previous sections of this document set out the three elements of a governance system: (i) core documents, policies and traditions; (ii) key governance tasks; (iii) core ethics, values and beliefs. In describing them, we have tried to make the point that both board and staff are involved in many aspects of developing and maintaining a governance system and performing governance tasks. Although the board is responsible for the organization in the legal sense, governance is not the exclusive domain of the board. So what is?

Essentially, the board's role can be summarized as follows:
- Compliance with legal and fiduciary duties
- Stewardship
- Oversight
- Leadership

3.1 Compliance with legal and fiduciary duties

Directors' duties (and liabilities) arise from the organization's core documents (Constitution, bylaws, articles of incorporation, etc), the statute under which it was incorporated, various federal statutes and the common law.

Directors are required to exercise their power with competence (or skill) and diligence in the best interests of the corporation. They owe what is called a "fiduciary duty" to the corporation. The duty is a "fiduciary" duty because the obligation to act in the best interests of the corporation, at its core, is an obligation of loyalty, honesty and good faith. Modern corporations statutes governing business corporations provide a concise formulation of the fiduciary obligation owed by directors. Most of the corporations statutes governing not-for-profit corporations do not. The formulation of the fiduciary duty of directors has been developed at common law by Canadian and English courts or set out in the *Civil Code*.

Directors' fiduciary duties can be divided into two main branches:
    a) the duty of care; and,
    b) the duty of loyalty.

The duty of care imposes on directors a duty of competence or skill — i.e., a requirement to act with a certain level of skill; and a duty of diligence. The duty of skill and diligence must be performed to a certain "standard of care"…

…The duty of loyalty requires that a director act honestly and in good faith in the best interests of the corporation. The duty of loyalty is a personal duty and cannot be delegated (the "no-delegation rule"). Among other implications, it means that a director is not allowed to profit from his or her office (the "no-profit rule") and must avoid all situations in which his or her duty to the Corporation conflicts with his or her interests (the "no-conflict rule").[9]

9. *Primer for directors of not-for-profit corporations (Rights, Duties and Practices)*, Chapter 2: Duties of Directors, by Jane Burke-Robertson, Industry Canada, 2003.

3.2 Stewardship

The board is responsible for safeguarding the organization's resources: human, cultural and artistic, intellectual and real property, financial.

It should commit to a considered plan for managing risk and should be the front line of attack for anything that threatens to undermine the health and stability of the organization.

3.3 Oversight

The board is responsible for overseeing the management of the corporation. In that regard, it hires the senior executive (whether ED, AD or GM), defines that person's role and objectives, then monitors and evaluates performance against those objectives.

The board approves and oversees planning, sets strategic goals and priorities. It establishes performance indicators, as well as mechanisms to monitor performance and measure results.

It has a particular responsibility to provide oversight in respect of financial management and performance, ensuring appropriate systems and procedures are in place and that current and future needs are realistically articulated. It has an obligation to maintain a solid grasp at all times of the organization's financial status.

It must also oversee and monitor the status of key relationships and accountability arrangements, ensuring timely and accurate reporting to stakeholders.

3.4 Leadership

The board shows leadership by embracing, defending and promoting the vision, values and mission of the organization.

It leads by example, setting the tone for a productive, collegial work environment.

It takes the lead in elaborating clear roles and goals for officers, board members and principal staff.

It sets and respects high standards of performance in relation to governance tasks.

3.5 The non-governance role of the board

Many cultural boards provide leadership and advice in areas that are not strictly speaking within the sphere of governance. Board members with specialized expertise may be called into play to provide pro bono help with respect to a whole host of activities, from marketing and communications to outreach and fundraising. The latter, especially, is where many board members play, or are expected to play, a particularly active role.

The volunteerism of individual board members is complementary to, but should not be confused with, their fiduciary and governance roles.

3.6 Exercise: How the board exercises its role in your organization

This exercise focuses on the specific roles the board is required to play and on its performance of these roles (as opposed to how key governance tasks are accomplished).

BOARD ROLE: Compliance with legal & fiduciary duties

SOME KEY ELEMENTS	WE DO WELL	WE COULD DO BETTER
• exercises duty of care	☐	☐
• exercises duty of loyalty	☐	☐
• avoids conflict	☐	☐
• acts in conformity with bylaws	☐	☐
• completes annual filings	☐	☐
• ensures awareness of duties	☐	☐
• is informed of governing legislation	☐	☐

How could we improve?

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BOARD ROLE: Stewardship

SOME KEY ELEMENTS	WE DO WELL	WE COULD DO BETTER
• cultural/artistic resources	☐	☐
• human resources (e.g. employee relations, turnover)	☐	☐
• financial resources	☐	☐
• intellectual/real property	☐	☐
• risk management	☐	☐

How could we improve?

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BOARD ROLE: Oversight

SOME KEY ELEMENTS	WE DO WELL	WE COULD DO BETTER
• clearly defines role/expectations of ED	☐	☐
• regularly evaluates performance of ED	☐	☐
• planning: sets strategic goals and priorities	☐	☐
• measures performance	☐	☐

	WE DO WELL	WE COULD DO BETTER
• approves/oversees financial management, asset management	☐	☐
• approves/oversees financial planning & forecasting	☐	☐
• is aware at all times of financial status	☐	☐
• monitors relationships with key stakeholders	☐	☐
• ensures timely/accurate reporting to stakeholders	☐	☐

How could we improve?

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BOARD ROLE: Leadership

SOME KEY ELEMENTS	WE DO WELL	WE COULD DO BETTER
• commitment to/promotion of vision, values, mission	☐	☐
• sets positive tone inside the organization; productive working relationships	☐	☐
• plays leadership role in the community	☐	☐
• establishes clear roles and goals for board & staff	☐	☐
• reviews governance/engages in self-assessment	☐	☐

How could we improve?

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BOARD ROLE: Other

How could we improve?

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4. NOW YOU'VE GOT IT,
HOW DO YOU KNOW IT'S GOOD?

Everyone who has ever served on a board could come up with a list of features that characterize a well-run, effective board. Is there an objective measure that sets out what constitutes good governance — some universal principles that might be applied to help us understand how far along the path we are, or how far we have to go?

In truth, many organizations have attempted to put forward a set of standards or principles, including the United Nations, the Canadian Coalition for Good Governance, Standards Australia, and the International Monetary Fund. Few of these are specific to the voluntary sector, but many are broadly applicable. Here is what the Independent Commission on Good Governance in Public Services (UK) advanced in its new Standard, published in January 2005:

> The Standard presents six core principles of good governance. Each principle has supporting principles that explain what is involved in putting good governance into practice. The six principles are:
>
> 1. Good governance means focusing on the organisation's purpose and outcomes for citizens and service users

2. Good governance means performing effectively in clearly defined functions and roles

3. Good governance means promoting values for the whole organisation and demonstrating the values of good governance through behaviour

4. Good governance means taking informed, transparent decisions and managing risk

5. Good governance means developing the capacity and capability of the governing body to be effective

6. Good governance means engaging stakeholders and making accountability real

Extrapolating from this, it is not hard to see where organizations trip up: lack of clarity in roles, goals and expectations; inadequate recruitment and orientation procedures; a climate of mistrust and a high degree of conflict; poor leadership; lack of attention to the state of key relationships, poor communication with stakeholders, etc.

As more and more organizations begin to understand the importance of good governance and stakeholders require adherence to higher standards, boards find it increasingly necessary to review their performance. Fortunately, there are numerous tools and templates for doing this, some of which are available through sources listed at the end of this document.

5. PEOPLE WITH PURPOSE:
AT THE HEART OF GOOD GOVERNANCE

The best, most thoughtful and comprehensive systems of governance in the world are, ultimately, only as good as the people whose job it is to bring them alive. It is absolutely vital that they support their organization, believe in its mission, subscribe to its values and understand their role in safeguarding it. In view of all this, the selection of board members and of the chief executive(s) is of utmost importance, as is their ability to work harmoniously together.

5.1 All aboard! Recruitment and orientation of board members

Having a thoughtful recruitment process is key to building an effective board. Many boards, particularly in the early years, are built haphazardly, with invitations to membership issued on an ad hoc basis. Outside the large urban centres, there is often a relatively small pool of prospective members to draw on and it can be difficult to find people with time, interest, expertise and no other conflicting demands. Small-scale organizations that have a low profile, or that operate outside the mainstream, often have more difficulty attracting effective board members than organizations that are perceived to be more prestigious. Recruitment can be a challenge for many, for a host of reasons.

Nevertheless, if boards are to be an asset and to provide strong representation in the community, their composition deserves careful attention. The first step in developing a recruitment process is to assess the organization's strengths and identify the short — and longer-term challenges that board members will be required to address. In the wake of such an exercise, directors are in a better position to develop criteria for board membership, identifying desired personal qualities and professional expertise. They are better placed to view the board holistically, taking account of gender balance, chemistry, contacts and the communities of interest that the organization serves, or hopes to attract, aiming at representation from each. They can then consider and implement different methods of "courtship" — special events, membership on committees or affiliated groups, person-to-person contact, etc.

If they are wise, they engage or develop a nominating committee, whose role might include some or all of the following:

- Maintaining a file of prospective board members

- Maintaining an updated record of terms of office

- Identifying specific expertise and attributes required to fill vacancies

- Conducting reference checks and initial interviews

- Identifying potential conflicts of interest

- Ensuring the nomination process conforms to what may be set out in the
  bylaws and governance policies

- Devising and implementing an orientation process

- Ensuring that written materials used in orientation are maintained and regularly
  updated

Board members appreciate knowing why they have been recruited and exactly what is expected of them. To attract and retain good members, it is always advisable to articulate such expectations in writing: in addition to the usual orientation materials, it is important to include information on meeting schedules, committee work, fundraising activity, and expectations surrounding personal financial contributions.

A great deal has been written on recruitment and recruitment techniques in relation to the non-profit sector. A selection of readings is referenced at the end of this document.

5.2 Leadership

Leadership is key to the success of the organization. As noted in 2.2.4, the character and experience of the people in leadership roles — officers, committee chairs, senior staff — are of paramount importance. So too is the quality of the relationship between them. The most critical relationship is that of the chair and the ED.

Putting the "right" people in place is a way of attracting other good people to the organization. People join boards for altruistic and opportunistic motives; it is a good idea to appeal to both. But they are more likely to join if they are impressed by the quality of those already involved and feel they might gain, personally and professionally, by association.

5.2.1 Meeting management

Most prospective board members want to know how much of a time commitment they are being asked to make. Meetings that are poorly run, or that regularly run overtime, create a bad impression and drive people away. Conversely, meetings that are enjoyable and efficiently run motivate them to continue. The artful board chair devotes considerable time not only to running meetings, but to pre-planning and follow-up.

5.2.2 Committees, task forces, advisory groups, honorary patrons and other groupings

There are no rules governing which committees or how many it is appropriate to maintain, unless one adheres to the Carver notion that the number of committees should be strictly limited to those the board requires to support its policy-making role (based on the premises — not always applicable — that there are sufficient staff to enable the board to confine itself to this, and that the board possesses the time and all the expertise required). However, it is a wise board that relates the creation and maintenance of standing committees to the needs and resources of the organization, rather than accepting the traditional configuration (or lack thereof) without reflection. In some cases, the existence of standing committees (e.g. executive, nominating, finance and audit) is prescribed in the bylaws and any decision to deviate must be formally ratified by the members.

There is, according to current literature, a trend away from numerous committees. It's true to say that the more there are, the greater the burden on staff. Many boards find it useful to have an executive committee, whose job it is to assist in setting the agenda for meetings and to develop policy recommendations for consideration by the board. Others feel that the existence of such a committee usurps the policy-making role of the board and concentrates power disproportionately in the hands of a few.

However, committees that are well-used, well-run and appropriately populated, with a clear mandate and strong leadership, often contribute significantly to the success of the organization. They are able to develop or acquire the necessary expertise to focus on questions that the board as a whole may not be qualified to assess. They provide a useful context in which to "audition" potential board members, to see how they work in a team and what they bring to the organization. They often give leadership to initiatives that the board would otherwise not have the time to address.

The board committee is not the only way to accomplish these kinds of tasks. Time-limited

task forces are another useful way of dealing with issues that don't require continuous attention. Advisory groups, honorary patrons and other bodies are sometimes charged with lending advice, prestige, or connections to the organization without the corresponding burdens of board membership — and without exposure to the same legal duties and liabilities. The corollary to this is that, without the clout that attends full board membership, they may not have the commitment or motivation to do much.

5.2.3 Exercise: Recruitment and orientation

FROM THE PERSPECTIVE OF THE ORGANIZATION

You are the chair of the nominating committee. You have been charged with recruiting new directors who can round out the competencies and expertise required to make your board more effective. Your goal is to attract community leaders who can enhance the profile of your organization and lend credibility to your efforts.

- At this stage in the development of your organization, what would you say are the most important criteria for board membership?

  _____

  _____

- How would you go about identifying potential candidates?

  _____

  _____

- What process would you use to bring these individuals on to the board?

  _____

  _____

- What information should you provide to acquaint them with the organization, both in the recruitment phase and afterward, should they agree to join?

_____

_____

FROM THE PERSPECTIVE OF THE POTENTIAL NEW BOARD MEMBER

You have been approached by a member of your community who knows you by reputation and has asked you to consider joining the board of a cultural organization. You are unfamiliar with the organization, although aware of its existence.

- What questions would you ask, or what information would you require, to make an informed decision?

_____

_____

- What expectations, if any, would the organization have to meet before you agreed to join?

_____

_____

- What do you feel are the conditions that would make for a mutually satisfying relationship between you and the recruiting organization?

_____

_____

6. CONCLUSION

This guidebook attempts to give participants in the cultural community a clear understanding of what governance is, what the work of governance consists of, and what role boards of directors are required to play. It does not pretend to have all the answers, but will, we hope, prompt the kinds of questions and further inquiry that will make for more thoughtful, knowledgeable participation in the affairs of cultural organizations.

We also hope that we have made a compelling case for the need to pay attention to governance. In the competitive climate in which most cultural organizations operate, those with a clear sense of purpose, strong leadership, clearly defined roles and goals, and the knowledge and preparedness to discharge their responsibilities are likely to be far more stable and successful than those with a haphazard approach to governance, or an outmoded set of policies and practices that cry out for reform.

Most experts agree that there can be no one-size-fits-all approach to governance — no template that can simply be adopted without taking account of the context, size and mission of the organization in question. There are, however, principles of good governance and emerging standards that can inform the development of an approach best suited to one's needs. Where external expertise is required to kick-start a process, assess the condition of governance, or instigate necessary reforms, help is also available in the form of advice, written resources and referrals from organizations such as ACI and SaskCulture. Financial assistance may be available through capacity building programs at the federal and provincial levels.

7. SELECTED READINGS/RESOURCES RELATED TO GOVERNANCE

Selected Readings

Creative New Zealand, a government organization responsible for developing the arts in New Zealand, has published an excellent resource, "Getting On Board: A Governance Resource Guide for Arts Organizations," 2003.
http://www.creativenz.govt.nz/resources/publications.html

Chait, Richard P., William P. Ryan, Barbara E. Taylor. *Governance as Leadership: Reframing the Work of Nonprofit Boards*. John Wiley & Sons Canada, Ltd, October 2004.

Cultural Human Resources Council, under the auspices of the Creative Management Project initiated in 2002 in collaboration with the Canadian Conference of the Arts, The Canada Council for the Arts and the Department of Canadian Heritage, has published an excellent online resource by Sybil Frei, *Working with a Non-Profit Board: Tips and Tools for Cultural Managers*. January 2005.
http://www.culturalhrc.ca/hrToolsResources/careerDevelopmentTools-e.asp

Genovese, Margaret, with Dory Vanderhoof. *How to Get the Board You Need: The Recruitment and Nominating Process*. Orchestras Ontario, 1977.

Houchin, Susan and Candace Widmer. *The Art Of Trusteeship*. John Wiley & Sons Canada, Ltd, 2000.

Industry Canada. *Bill C-21: An Act respecting not-for-profit corporations and other corporations without share capital — Questions and Answers / Le projet de loi C-21: Loi régissant les organisations à but non lucratif et les autres organisations sans*

capital-actions — Questions et réponses. 2005.
http://strategis.ic.gc.ca/epic/internet/incd-dgc.nsf/en/cs02684e.html#copies

Industry Canada. *Primer for Directors of Not-For-Profit Corporations (Rights, Duties and Practices) / Guide à l'intention des administrateurs des sociétés à but non lucratif (Droits, Fonctions et Pratiques)*, prepared in collaboration with the Canadian Center for Philanthropy, the Canadian Bar Association and the Canadian Society of Association Executives, 2002.
http://strategis.ic.gc.ca/epic/internet/incilp-pdci.nsf/en/h_cl00688e.html

Kumar, Sarabajaya and Kevin Nunan. "A Lighter Touch: An Evaluation of the Governance Project," Voluntary Action Camden. October 2002. An exploration by a public policy research team in the UK of how best to strengthen the governance of new and emerging community groups and small voluntary organizations.
http://www.jrf.org.uk/bookshop/=Books/1842630954.pdf

Nadler, David A. "Building Better Boards." Harvard Business Review. May 2004.

Robinson, Maureen K. Nonprofit Boards that Work: *The End of One-Size-Fits-All Governance*. John Wiley & Sons Canada, Ltd, 2001.

Thomas, Dr. Larry *Effective Board Governance: A Handbook for Board Members and Administrators of First Nations' Boards*, 2002.
http://www.fnesc.ca/publications/pdf/Governance_Handbook_FN.pdf

Volunteer BC. "A to Z Directory of Board Governance." This directory is designed to take the reader along a continuum, from the early stages of building a board through to its maturity.
http://www.volunteerbc.bc.ca/governance/a.html

Online Resources

Board Café • http://www4.compasspoint.org
Board Café, published by the San Francisco-based CompassPoint Nonprofit Services, is "the electronic newsletter exclusively for members of nonprofit boards of directors. Short enough to read over a cup of coffee, Board Café offers a menu of ideas, information, opinion, news, and resources to help board members give and get the most out of board service." Past issues are available for download on the site. There are also links to a variety of governance-related resources and an online bookstore featuring publications related to board governance.

BoardSource • http://www.boardsource.org
Formerly the National Center for Nonprofit Boards, this US non-profit provides an array of practical information, tools and best practices, training, and leadership development for board members of non-profit organizations worldwide.

Carter and Associates • http://www.carters.ca
A law firm specializing in charity law, with numerous useful articles available for download on their Web site, including "Good Governance in Meeting the Duties of Directors of Charities," Terrance S. Carter and Theresa L.M. Man, January 19, 2005;
"The Legal Duties of Directors of Charities," by Terrance S. Carter and Jacqueline M. Connor, January 19, 2005; "Life After Bill C-21: "How Will it Affect Your Organization?" presented by Jane Burke-Robertson at the 3rd National Symposium on Charity Law held in Toronto by the Canadian Bar Association (CBA) and the Ontario Bar Association (OBA), May 6, 2005.

Charity Village • http://charityvillage.com/cv/charityvillage/welcome.html
Billed as "Canada's supersite for the nonprofit sector," this vast, bilingual site provides

"3,000 pages of news, jobs, information and resources for executives, staffers, donors, and volunteers," including information, links and other resources related to board governance.

Cultural Management Institute, University of Waterloo.
• http://ccm.uwaterloo.ca/cpdp/ilms/dcb/dcb_home1.html
CMI offers a free, online course based on A Handbook of Cultural Trustees, by Marion A. Paquet, with Rory Ralston and Donna Cardinal, 1991. Although it is a non-credit course, the CMI offers a certificate of completion.

Imagine Canada • http://www.imaginecanada.ca
http://www.nonprofitscan.ca/page.asp?topic_guides
Imagine Canada is a new organization resulting from the merger of two leading voices of Canada's charitable and non-profit sector: the Canadian Centre for Philanthropy and the Coalition of National Voluntary Organizations. It focuses on helping charities and non-profit organizations to fulfill their missions; championing corporate citizenship and helping businesses partner in the community; and helping Canadians and their governments understand how the work of charities, non-profit organizations and community-minded businesses is important to our country. Its online library offers a variety of publications of interest to non-profits, including topic guides on boards and governance, legal and regulatory issues, etc.

Institute On Governance • www.iog.ca
A non-profit, non-partisan Canadian think tank that "explores, shares, and promotes the concept of good governance in Canada and abroad and helps governments, the voluntary sector, communities, and the private sector put it into practice for the well-being of citizens and society." The Web site contains useful articles and e-learning tools on board governance, values and ethics, and other topics of interest to non-profit organizations.

The Management Assistance Program for Nonprofits, Free Toolkit for Boards
• http://www.mapnp.org/library/boards/boards
This is an American site that contains numerous articles on a wide range of non-profit board topics, such as board roles and responsibilities, staffing the board, evaluating the board, and ensuring successful committees and meetings.

Maryland Association of Nonprofit Organizations • http://www.marylandnonprofit.org/
The Association offers standards of excellence for non-profit organizations.

Mentoring Canada • http://www.mentoringcanada.ca
A program of Big Brothers Big Sisters of Canada, Mentoring Canada is a not-for-profit informational site made possible through the support of the Muttart Foundation. The site provides resources for mentoring organizations and others through an on-line library of downloadable materials and interactive training modules on a variety of topics including board governance. A particularly useful resource is Sherry Ferronato's *The Fundamentals of Effective Board Involvement*, Burlington, ON

Minnesota Council of Nonprofits • http://www.mncn.org/pnp_index.htm
The Council provides standards of excellence for non-profit organizations, as well as other non-profit management resources.

National Center for Nonprofit Boards • http://www.ncnb.org
An American site that contains resources aimed at strengthening non-profit boards of directors.

QNET • http://www.qnet.mb.ca
This Winnipeg-based non-profit is "a network of individuals and organizations focused on the pursuit of organizational effectiveness and continuous improvement." QNET provides resources, information sessions and training in board governance and a board assessment tool, available free on request.

Resource Centre for Sport, Culture & Recreation • http://www.spra.sk.ca/rcentre/rcentre.htm
The Resource Centre provides access to information and research for members of the
non-profit, voluntary sector in Saskatchewan, particularly the recreation, culture, and
sport communities. Information is delivered in all relevant forms — print, video, audio,
journals, and professional reference and research services.

Saskatchewan Knowledge Network • http://www.spra.sk.ca/knowledge/Resources/Govern.htm
The Saskatchewan Local Network of the Canada Volunteerism Initiative (CVI) and the
Saskatchewan Parks and Recreation Association (SPRA) have created a new online
service. The Knowledge Network provides resources, information, success stories and a
directory of volunteer organizations to assist the staff and volunteers of non-profit and
voluntary organizations.

SaskCulture Inc. • http://www.saskculture.sk.ca/cultural_resources/governance.htm
The SaskCulture Web site guides visitors to information and resources that support cultural
development and cultural organizations, including various articles on governance.

United Way of Canada • http://www.boarddevelopment.org/
Maintains a Web site on board development training, accountability and governance in
the Canadian voluntary sector, with useful checklists on a variety of topics, including
"Key elements of a healthy organization;" "By-laws and updates;" "What to include in
your Board Orientation manual;" "Role descriptions for each board position;" "Key
elements of an effective meeting;" "Board Evaluation;" "Nomination and Recruitment
process;" "Checklist for a Meeting."

Volunteer Canada • http://www.volunteer.ca/volcan/eng/content/board/legal.php
The national voice for volunteerism in Canada. The Web site offers useful information on,
among other things, directors liability and risk management, and preparing boards to
participate in advocacy initiatives.

Volunteer Manitoba • http://www.volunteerwinnipeg.mb.ca
The Volunteer Centre offers workshops in board leadership and management.

Volunteer Regina • http://www.unitedwayregina.ca/pages/volunteer_regina/ma_program.php
Volunteer Regina values the contributions of community-based organizations and
believes in the important work of boards of directors and staff. Volunteer Regina attempts
to meet the educational and developmental needs of boards of directors and staff. The
Management Assistance Program provides a number of board development opportunities.

Volunteer Saskatoon • http://www.volunteersaskatoon.com/training.html
Volunteer Saskatoon Leadership Development Services offers facilitating, training and
consulting support. Trained consultants equip boards of directors with the tools they
need to lead effectively and build capacity. The goal of the Volunteer Saskatoon
Leadership Development Service is to provide all community organizations with access to
professional and affordable support designed specifically for the non-profit sector.

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CREATIVE COMMUNICATIONS

**Arts & Cultural Industries
Association of Manitoba Inc.**

SaskCulture

Saskatchewan LOTTERIES

Canadian Heritage   Patrimoine canadien