ICSA Goods on Governance

by Linda Wood Edwards, FCIS

A heartfelt thanks to ICSA Canada for the privilege of creating the Goods on Governance 2017 webinar for my colleagues. I had a grand time putting it together and hope you gained something from the twenty trends and topics I chatted about in varying degrees of detail. I thought here I'd hit some of the highlights, especially on those things that impact both corporate and not-for-profit boards. All set? Then let's get going.

Agenda Rejigging + Rules of Order

Fasten your seatbelt because this is a rant. Free Your Board from the Tyranny of Parliamentary Agendas and Procedures! First, develop a board meeting agenda that is aligned with your strategic plan. Make it look forward; don't spend precious time hearing reports on what has already happened. (Have you ever noticed how looking back invites the board to meddle in operations?). Focus on topics that are most important to the organization, and in an order that makes sense. Address decision items first, followed by items that would benefit from a robust board discussion, followed by information and reporting. Include a spot for a generative discussion (see below) near the beginning. You can buy back some time by using a consent agenda to clear the deck of all those regular items and approvals. Go on, give it a try. Let me know how it goes.

Now the rules. Have you ever heard someone in a board meeting whine, "That's not in Robert's Rules of Order"? Did your head explode? I'm actually good at Robert's Rules, and sometimes I even prefer them -- but they aren't the only way. Sometimes I think they're just a bad habit that can be fixed by a quick kick in the bylaws (a statement like "For matters arising in meetings, if there is no other policy then the most recent version of Robert's Rules of Order will be the default" should do the trick). Robert's Rules aren't the law…fiduciary duty is the law. Parliamentary procedure still works well for big annual general meetings with hundreds of people in the room who need to be taken through an agenda efficiently, and they are also pretty handy when the assembly is in a state of conflict with the board or among themselves. But for regular board meetings, if you go less formal with the rules (still being fair and having good process) the board can be more productive and have better outcomes faster. Eli Mina's golden rule of meeting procedures should be sufficient: "Speak after being recognized by the Chair, be brief, make room for other people to share, and focus on the issues and not the people."

Executive Committee

Are you still buckled in, because here is the second rant. Unless your organization has no staff (zero, none, nada) then you should avoid an Executive Committee. If you meet that criteria, then go ahead and let your Officers (Chair, Vice Chair, Secretary, and Treasurer) handle the operational stuff BUT at board meetings make sure everyone spends time governing (not just reporting on operations). Also, if an urgent matter comes up between meetings, use technology to get the entire board to deal with it. Do NOT delegate the decision making to the Officers, even if the board will ratify it later.

Executive Committees are part of an organization's evolution and they should become extinct as soon the organization reaches the level of one senior level paid staff person (CEO/ED/Administrator). At that point that person becomes responsible for the operational matters, and the directors/officers who previously worked on operations via the Executive Committee should return to the board and their governance role (rendering the Executive Committee defunct). Except that's not what happens, and this is dangerous. When an EC has decision-making powers between board meetings, then board meetings become rubber stamping sessions. Causing the rest of the board to disengage and worry about the decisions they are being asked to support. The buck stops with the whole board, not just the Officers (EC). These other directors are just as liable even though they are not privy to all the information that's going into the Executive Committee.

It's also dangerous to assume the Executive Committee is qualified to review the CEO's performance, contract, or compensation -- or for that matter be the audit committee or the governance committee or the planning committee. Get the best people for those key board committees, even if they aren't all on the board or even if you have to pay some of them as experts. Here are some additional benefits of not having an Executive Committee:

- half the number of meetings; half the number of meeting packages to prepare
- that's a help to staff, and it also means happier directors
- the board is more likely to be engaged because the same amount of work is expected of all of them
- the board is more likely to be comfortable with the information on which they are being asked to make decisions
- the entire board is liable anyway so it's best that they are involved in the decisions
- while the workload does increase, most directors expect to have to do some work
- lower costs
- expect a culture shift away from Us versus Them.
- directors will see things as more "fair"; no more old guard with special status
- reflects the values you have as well as your trust in the staff by leaving them to do the operational work.

That's a pretty big up-side, don't you think?

In Camera Meetings

In camera meetings have long been considered a governance best practice, but because we don't all have the same understanding, not everything is a best practice. My recommended best practices for in camera meetings are to have it as a regular agenda item so it's not so freaky when it happens. I recommend a brief in camera session with the board and CEO/ED at the start to set the tone (or get ducks in a row) for any agenda items that could go sideways in public. Then I recommend a second in camera session at the end of the meeting with just the board (without CEO/

ED). If either in camera session is not needed, just record that in the minutes. When using it, record the time in and out of the in camera sessions. Do NOT take minutes of an in camera session (therefore, don't make motions). The motion comes when you reconvene the regular meeting. Finally, as a former Executive Director who has spent time in the hallway being excluded from in camera sessions, please extend the courtesy of ensuring the board Chair brings that excluded CEO/ED up to speed as soon as possible.

Lower Quorum

Over the years board size has decreased (BoardSource concluded that thirteen directors is the sweet spot). Why not drop the quorum as well? If your bylaws say quorum is 50%, change them to what makes sense. Most legislation requires a minimum of three people to establish an organization, so why not set three as your quorum? Or if you're more comfortable having five from a board of 12 or 15, then go for it. Choose a number higher than three and less than 50%. We want our organizations to keep moving forward, so let your best three or four people make the decisions rather than risk getting stalled out due to lack of quorum.

Generative Thinking

Generative thinking is the brain child of Richard Chait (check out "Governance as Leadership"). Chait talks about three areas of responsibility for governing boards. The fiduciary, of course, has to do with the legal responsibilities of boards in driving the organization, and the strategic which has to do with the board's decisions on the use of resources as well as on programs and services. The third is the generative responsibility which is developing new ideas that are in line with the core values of the organization.

Your board and management need the appetite and courage to get into generative thinking. A good generative discussion requires everyone to be fairly open and out there, and if you can do that you will build trust and take the organization further. Generative conversations help the leadership deal with taboos and elephants in the room. It's good to talk about those things! You're not looking for recommendations or action from generative discussions. The value is in the dialog and building shared awareness.

You may need to fight the instinct that the only important board work results in you checking something off the to-do list. Generative thinking is working, so carve out time early on your board meeting agenda when everyone is fresh. There are many great examples of generative questions on the web to get you started. Try this, you might like it!

Scope Creep

By this I mean micromanagement and interference between the board and management. It's important to know who does what and why, and although we spend countless resources fleshing this out, management and directors continue to confuse their respective responsibilities. This understandable because most of us are not really wired to govern. We are wired to "do." So when your job is 30,000 feet up (like a board's is) and you're used to being in the trenches (like individual directors are), it's hard to not revert to where you're most comfortable. We need to stop board members from getting in the way of the operational team. I like to remind people that the board and the CEO are two elements of the same team, although we get that there's difficulty sharing power and control. That's why it's a good idea to minimize the number of tasks that belong to both groups. It is far better to assign it to one side or the other whenever you can. You need policies on how the relationship is going to work, and even with good policies you'll want to exercise a fair amount of grace to get through the relationship. Remember, you're pulling the same direction and life goes better for the organization if everyone is strong and committed.

Diversity

We tend to hear mostly about one kind of diversity on boards (i.e., gender), but I prefer to think of diversity in terms of capacity building. Different types of people bring different things to the board table. It's that simple…except it isn't that simple. I deal with boards and councils of professions where all directors are from the same profession. There may be diversity in gender, geography, private vs. public sector, but mostly these professionals are the "same." I think this limits the capacity to do great (or even the right) things. Many provinces require public members (appointed by government) on such boards, and this definitely helps bring diversity. But what I'd rather see are bylaw changes (or legislative amendments) that permit boards/councils of professions to bring in people from outside the profession to serve (at a minimum) on key board committees. When there are diverse directors on a board, your meetings will take longer but that's not always a bad thing.

Collaboration vs. Competition. If organizations start talking to each other, instead of undermining each other, they will most likely find some common ground. Common ground can help extend an organization's reach and find some allies who have your back. Being collaborative instead of competitive also makes it easier to rationalize resources – financial, human, and technological. Indeed, funders and owners are looking to see that rationalization. In addition, collaboration can help make some projects scalable. Small, wonderful things your organization is doing may now be able to be extended further out into the world. More hands on deck is also a good outcome, as is less competition for scarce resources and less duplication of effort. Also, I think fewer voices speaking for more people makes it easier to get heard, whether that's in front of a deputy minister, a funder, or the media. That's a win-win.

Fairness and Consultation

The shift I'm seeing in stakeholder relations is that now it means two parties relating to each other, and not just one party talking at the other. Many organizations hold public, community, or member consultations because they have to. The term "duty to consult" is used mostly for aboriginal affairs and governments, but the principle is also touted by professions and other groups. These are not always productive because, in my experience, the organization calls a virtual or face-to-face town hall meeting in order to tell the stakeholders what's good for them. This isn't truly consultative, nor is it especially fair. Down the road, regulators/legislators may ask what kind of consultation was done on some of your big decisions. If they don't like the answer, courts can overturn them. So be fair and be truly consultative.

Disruption

For the longest time none of my fellow governance nerds were talking about "disruption" (a radical change in an industry/business strategy especially involving the introduction of a new product or service that creates a new market). That has changed. I now hear the word "disruption" but not as just defined. I hear more about "asking disruptive questions." This seems like a good tool, and is consistent with "generative discussions" (see above). So we can respond to disruption from the outside, or we can anticipate it by causing the disruption ourselves via provocative questions. I prefer the latter.

Past Directors

What on earth do we do with Past Chairs and Directors? How does the organization stay engaged with someone who's been a valued leader? I've seen organizations make some pretty serious mistakes trying to address this question. While I don't have the silver bullet, I can tell you a few things to avoid.

Do not make Past Chairs/Presidents lifetime members of the board – especially with vote! Trust me, they like coming out to meetings, having dinner, and shooting the breeze about the good old days. And because they won't approve a bylaw amendment that reduces their status, the fresh faces on the board walk away in frustration with a bad feeling about the organization and its governance. So that's what happens when you when you give too much.

When you don't give enough you have a different problem. You need to recognize properly the people who have served, or else they could rally support and swing the mood of a room. I have seen disgruntled Past Chairs of an association hijack an annual general meeting over a bylaw change that would impact about three per cent of the membership. But they rallied forces to defeat the proposal just because they felt under appreciated. It would have been better to find a positive way to engage them and have them as powerful allies.

Also, do not create an "alumni board" or a board of past board chairs. Even if you're thinking the past chairs are just "advisory" it doesn't usually work. These people know how to lead and how to work the system, plus they often have way more time on their hands than the actual board! Make no mistake, they have clout and they take up time and resources that may not match what they're putting in. These double boards can become two-headed monsters, so beware. But these people are valuable, so it's in everyone's interest that you find something meaningful for them to do without giving away the farm. If you know how to do this, please reach out.

Four Cool Tools

1. Predecisional accountability is an exercise where boards make decisions as though they, and not the CEO, have to explain their decision to a stakeholder group. Select two directors at the start of each board meeting to, in mock trial fashion, explain a board dialogue on its decision to an unknown entity from a stakeholder group that is waiting outside the door. Research shows that this exercise increases board engagement in the meeting discussions and encourages directors to consider more stakeholder viewpoints.

2. Back to basics is an exercise to help a board get unstuck on a problem. Simply ask WHY the situation has occurred, wait for the answer (even if you're speculating), and then ask WHY again. The theory is if you ask WHY five times you will be closer to the truth of the matter than you possibly ever have been before.

3. Storytelling is a way to teach people something about

the organization and help them make a connection. Stories can translate facts and figures into a message that's more memorable than a spreadsheet, and a great story can help influence and motivate people. Imagine if your board members are telling your story? That would demonstrate the "passion for mission" we hear so much about and would really help the board understand the importance of its work.

4. Board portals are a technology to connect board members to each other and to important organizational information. A portal is one-stop-shopping for all the documents the board cares about, with the most current version at the top. Portals are also a place where the board or its committees can simultaneously work on documents and see what each other is doing or suggesting. This is all good, because there is a link between board member engagement and ready access to archived material.

Board Evaluation

Boards tend to wait to be told what to do, and re generally not proactive about doing better. A good board evaluation encourages you to take responsibility for your own effectiveness. Most of the available tools are designed for young organizations, focusing on structure, processes, and compliance. There is less out there for mature boards who are no longer surprised by the results. As such, we need a way to make them look at other factors. I would like to see evaluation done in areas of the board's life that that we don't usually mine (e.g., behaviour). Or a question about double standards such as "Do we expect things from the CEO in terms of attendance, preparation, conduct, accountability for performance that are different from what we expect of the board? If so, why?" Fellow ICSA member John Dinner posed a great one last year to help boards aspire to something else: "What do we want to say about us as a board that isn't true today?" He suggests that by asking and reviewing the responses, you may find a way to coalesce around one or two themes. Then you can use those as a filter for future board decisions. I think that would be a great outcome of an evaluation, and certainly better than checking a box that says yes I attended at least 80% of the meetings.

Cost of Governance

Is your board contributing more to the organization than it costs to have it? I know this is "artificial" in that our organizations have to have boards. But just because we can't chuck them out it doesn't mean we should just spend freely and expect little in return. So why not ask, "What would the organization lose if the board ceased to exist today?" Answering this will help you define the unique contribution that the board brings. Tie your answers back to the budget, in real dollars. Is your board producing benefits to the organization that equals or exceeds what it costs to have them there? And while you're looking at the dollars and sense, don't forget to budget for board development.

Behaviour

Bad board behaviour is the stuff that keeps me up nights. Before I start another rant, though, let's look at some of the good board behaviours I am seeing. People seem to be more willing to share, to be more inclusive and open, and interested in building community. I also see that care of the planet is important. Passion for the mission is still out there, but it manifests itself differently with different age groups. To get good board behaviour from all parties, organizations need to adjust their expectations by generation. It's a great time to get clear on your value proposition and get creative about where and how you meet. People are more interested in causes and who else is involved than they are in meetings and processes. People will still engage, but on their own terms and at the right times and methods for them. If you've got a one-day, event-based opportunity you will have more volunteers than you can use. We have at our disposal good and passionate volunteers, but because the rules of engagement have changed, we will be more challenged to find good and passionate directors for our boards using the structures we've put into our bylaws for decades.

On the negative behaviour side, I have witnessed:

- appalling abuses of confidentiality via social media
- bullying and divisive behavior
- dividing and conquering
- rudeness to staff and to each other
- self-interest
- poor juggling of multiple loyalties
- unwillingness to work towards or to accept the mission
- founders who decline term limits for directors, thereby turning their organizations into self-fulfilling prophecies because "no one cares about this as much as I do." And sure enough…
- fierce undermining of the board chair
- directors criticizing the organization or other board members in public

- boards whose highest risk is not a lack of funds or declining membership, but damage to reputation. It's especially painful when the damage comes from within.

You might think these problems are easily handled because every director signs off (in one form or another) a commitment to support the mission and follow the rules established by the organization. Right? Not necessarily -- bad behaviour can happen in organizations with excellent policies and processes to deal with such things.

And the reason it still happens is because the leaders lack the courage and will to face conflict and to enforce their own rules. This drives me bonkers. And I think this is where we, as governance professionals, can really add value. Notwithstanding that confrontation makes most of us squeamish too, we really must do this. Organizations rely on us to help them build capacity; to expect more from directors; to help them re-align with the mission (or get off the board). It falls to us to call our boards on their bad behaviour.

ICSA colleague John Dinner suggests the highest value question we can ask is, "Can we fully support the status quo, and if we can't then what needs to change?" John argues that boards live between these two questions, and that even though things may not be perfect they fail to fully resolve the issues. These unresolved issues create frustration and anger over time, such that serving on our boards becomes painful. In my view, that pain is often behavioural. Half the battle is writing good policies on board behaviour; the harder half is enforcing those policies in a way that will have a positive impact on organizational culture and morale.

Civility

Admitted this is a trend that I'm trying to start. According to Civility Experts International: "Civility is a conscious awareness of the impacts of one's thoughts, actions, words, and intentions on others…Combined with the continuous acknowledgement of one's responsibility to ease the experience of others whether that's through restraint, kindness, nonjudgmental respect, and courtesy…And a consistent effort to adopt and exhibit civil behavior as a non-negotiable point of one's character."

So civility isn't just about being kind and respectful without fail, but it's also that element of behaving in a way to ease the path of someone else. I believe if we can aim for civility as defined here, 2017 can be a better and gentler year for society in general and our organizations in particular. And who better than us to start this positive trend?

Conclusion

So these are some of my observations and opinions based on looking back several years and looking ahead to the future. I think the future for what we do as governance professionals is bright, but we are not without our challenges. There is plenty of good news out there, but when the crummy stuff hits I, for one, am relieved to know that being part of the ICSA community helps extend my reach in order to better serve my clients. Thank you for being a proponent of great governance in Canada.

The CFPA Board of Directors would like to congratulate Michael Park, ACIS, 2016 Governance Article Contest Winner.

Mr. Park was awarded $500 for his article "Women on Boards – Be Proactive" which was submitted to The CGQ. This article was selected as the best original article submitted and published in the CGQ for the 2016 calendar year on the topic of governance.

Consider submitting today for 2017 – more details here.