



**GOVERNANCE PRESENTATION
TO THE
ANNUAL GENERAL MEETING**

JUNE 8, 2013



Workshop Content

1. Information on Governance in Sport Management Organizations
2. The Functioning of a Board of Directors
3. The Roles of Committees in Sport Organizations

Questions

1. What should members expect from your Board and Executive Committee?

2. What information do you, as a membership representative:
 1. NEED on a regular basis?
 2. WANT on a regular basis?

Not-for-Profit Organizations and Sport in BC

- In BC, about 26,000 not-for-profits registered as Societies
 - Includes about 66 Provincial Sport Organizations (PSOs)
 - PSO memberships range from 350 – 120,000
 - approximately 4,500 – 5,000 sport clubs, many of which are registered Societies
 - thousands of sport teams
- Purpose of a Society (corporation w/o shares)
 - to advance particular cause or objectives
 - any surplus is used to advance the purpose of the Society (accrues to Society itself as members' equity)
 - individual members cannot benefit from the profit through dividends or sale of shares
- Society vs. Individuals
 - Distinct legal entity with members
 - Directors elected by the members

Governance – What is it?

- The systems and structures in place to govern an organization
 - Lays out levels of accountability and responsibility
 - Stipulates oversight authority and power
 - Determines how and at what level various decisions are made
 - strategic
 - policy
 - tactical
 - Implementation / activation

Factors Influencing Governance

- Size of Organization and Budget
- Relationship of Constituents to the Organization
 - *Members vs Clients or Customers*
- Level of Expertise of Directors
- Roles of Committees and Other Layers for Decision-Making
- Number, expertise and responsibility levels of paid staff
- The over-sight and accountability systems

Indicators of “Good Governance”

1. There a strong Vision and Mission.
2. The Board set goals and strategic direction for the organization.
3. Directors help ensure resources are available to achieve the desired results.
4. All Directors and Committee members are properly placed based on skills and expertise.
5. There a beneficial and on-going accountability system to members, funders and the public.
6. There an appropriate monitoring and evaluation framework.

Applying a “Good Governance” Framework

- There is an appropriate “*decision pathway*” for all major decisions
 - Planning and Direction – setting the roadmap
 - Legal Accountability
 - Oversight – staff and finances
 - Communication with membership
 - Accountability to members and funders
- The framework and practices follow the indicators of success but also works for:
 - the organizational culture,
 - type of member or client base,
 - the assets, (staff, complexity)
 - current needs and preferred future of the organization.

Foundational Pieces of Governance

1. Design

- identifying organizational values
- job of the Board is to reflect the values of the members

2. Foundation

- well articulated Vision
 - What will it look like?
- Concise and measureable Mission
 - What is the “use” of the organization?

3. Parameters

- Interprets the Vision and Mission
 - Constitution and Bylaws
 - Policies – defines how things work
- Protection for internal and external pressures and changes
 - Succession planning
 - Financial monitoring

Governance vs. Management

- **Governance** – work of the Board
 - Working on behalf of the larger ownership interest
 - Developing, monitoring and updating strategic direction and policy
 - Over-sight and accountability
- **Management** – work of the staff
 - Implementing approved plans and policy to carry out work of the organization
 - Designated level of authority
- **Authority limitations**
 - Authority of directors, staff , committee members and members has to be delineated

Board of Directors Frameworks

- The appropriateness of any framework is based on:
 - the level of sophistication of the organization,
 - the expertise and business knowledge of the Directors,
 - the expertise level and number of staff,
 - the layers of programming and service capability beneath the Board.

Common Types of Boards

1. Advisory Board
2. Cooperative or Collective
3. Working or Administrative Board
4. Management Board
5. Policy Board

Administrative Board

- Often a small organization without no staff or with only junior level programming staff
- Board is very involved in program and service design and delivery
- Board is hands-on in all aspects of the organization and roles are often multi-dimensional
- Poorly defined delineation between Board and staff roles
- More difficult to be objective about performance as monitoring cannot be arms-length

Management Board

- Board has a combination of operational, programming and over-sight roles.
- Organization often has an Executive Director / Senior Staff position but not a CEO
- Director roles and titles may parallel the responsibilities of staff members
 - Eg: Program VP - - - - Program Staff - - - Program Committee*
- Multiple staff may report to the Board instead of through the ED
- Board is involved in strategic direction and implementation
- Board approves budget
- Accountability is not arms-length.
 - Directors may have direct involvement in programming and operations and also have over-sight responsibility for same work

Policy Board

- Board establishes the guiding principles, direction and policies for the organization
- Board delegates responsibility and authority to the CEO who is responsible for implementing the principles, direction and policies
- Board approves the budget
- Board monitors compliance and provides over-sight to ensure that the CEO, committees and the Board itself are held accountable
- Staff reports to the CEO through staff hierarchy and programming committees report to the CEO
- Board often has significant responsibility for advocacy and major external fundraising

The Typical Sport Organization

- Common “Hybrid” Governance Functioning
 - Deals with strategy and future planning
 - Directors assigned to Committees as Board liaisons or chair committees
 - Senior staff doesn’t have full authority of a Policy Board model
 - Resource generation often a weakness but Directors aren’t recruited to help fill this void
 - Director skills are not first criteria of election
 - In some sports, Directors struggle with multi-layered interests because of their role as parents of athletes
 - Skills and knowledge of Directors limit ability to determine the needs of and drive the organization and development of the sport – very dependent on staff

Governance Progression in Sport Management

- Trends
 - Skill-based Boards and Committees
 - Smaller Boards - 9 – 12 Directors
 - Directors are non-Representative (ensure arms-length status)
 - Significant distinction between Governance and Management
 - Board Concentrates on Over-sight and Accountability
 - Programming and Business Committees are separate from the Board as operational parts of the organization
 - Senior Staff is a CEO with more responsibility for implementation
 - More time spent on establishing strategic direction – more external and forward thinking
 - Decisions and policies are as transparent as feasible
 - Communication with members is critical

Boards have the Major Role in Governance

The Board of Directors should be the major driving force behind the governance style and success of an organization

- On-going priorities of any Board of Directors should be:
 - Mission and Strategic Planning
 - Transparency and Communication
 - Fiscal Responsibility
 - Human Resource Over-sight through the Senior Staff person
 - Accountability and Monitoring Systems
 - Plan for the Succession and Diversity of the Board
 - Plan for Succession of Key Staff
- The responsibility of the Board is to have oversight for the whole organization
 - Delegate the work on programs, services and products

Attributes of Successful Boards

- Policies provide sufficient guidance to properly govern
- The Board operates with a balanced budget.
- Expertise of Board members fits the needs of the organization
- The Board has an annual agenda – goals and objectives that aligns with the Vision
- There are formal risk management and crisis management policies
- Board meetings are spent in debate of strategic issues, not programming or tactical issues.
- There is time spent on board orientation, education and development
- There is a formal evaluation of the Board and the CEO, based on pre-set criteria.

Board Functionality – How Well Does It Function?



- Is the Board working on the right level of business?
 - Strategic thinking
 - Over-site and monitoring
 - Resources
- Roles and responsibilities of Directors
 - Delineation of roles
 - Issues management
 - Levels of authority
- Board communication between Directors and with the membership
 - Meetings
 - Timing and number of meetings
 - Agenda structure and pre and post-meeting reporting
 - Communication between meetings
 - Communication with the members – how, frequency, content



Checks and Balances - How is the Board Doing?

Successful?

- Strong agreement by members and others on vision, values, mission and objectives
- Respect for org norms, policies & decisions
- Clarity of roles
- Strong Board and staff leadership
- Good Board development and regular assessment process
- High level of trust / low level of conflict
- Stable, flexible, innovative, entrepreneurial
- Near-consensus decision-making
- Strong communication routes to and from members
- Accountable and responsible

Struggling?

- Lack of respect for or agreement with the vision, values, mission and objectives
- Lack of respect with or understanding of org norms, policies and practices
- Role confusion
- Excessive turn-over
- Difficulty recruiting credible Directors
- Lack of financial over-sight and planning
- Lack of trust from members
- Failure to address conflicts
- Decision dissension or paralysis
- Poor communication with members
- Can't measure results

Duties of Directors

- Responsibilities and demands of Directors are not reduced or negated by being “volunteers”.
- Directors have Legal Duties
 1. Duty of Care
 2. Duty of Knowledge
 3. Duty of Skill & Prudence
 4. Duty of Diligence
 5. Duty to Manage
 6. Fiduciary Duty
 7. Duty as Trustees
 8. Duty with Investments
 9. Duty re: Delegation by Directors
 10. Duty to Adhere to Scope of Authority
 11. Duty of Avoid Conflict of Interest

Committee Designations

Standing Committees

- On-going role in organization and should be listed in the Bylaws
- Committees of the Board
- Operational Committees
 - Programming Committees
 - Business or Service Committees

Ad Hoc Committee

- Establish for a short-term, defined purpose
- Often in place for < 1 AGM cycle
- Disbands when the work is completed

Terms of Reference – all committees should have Terms of Reference

- Composition, including selection of Chair
- Scope of Work
- Term of Office
- Accountability

Organization of Committees

- Committee Designation
 - Standing Committee
 - On-going role in organization
 - Should be listed in the Bylaws
 - Approved Terms of Reference
 - Ad Hoc Committee
 - Establish for a short-term, defined purpose
 - Often in place for less than 1 AGM cycle
 - Disbands when the work is completed
- Terms of Reference
 - Composition, including selection of Chair
 - Scope of Work
 - Term of Office
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Typical Committees in Sport Organizations

- Committees of the Board
- Operational Committees
 - Programming Committees
 - Service or Business Committees

Committees of the Board

- Allows the Board to delegate key pieces of work to smaller groups of Directors for more manageable oversight and discussion
- Recommendations and reporting comes back to the Board table
- Should be Directors on Committees of the Board, with the possible addition of the senior staff person
- Typical Committees of the Board
 - Finance Committee
 - Governance Committee
 - Human Resource Committee
 - Nominations Committee

Programming and Service Committees

- Support the functions of the organization that do not need to be directly led by the Board
- Activity direction comes from the Strategic Plan and accountability for the activities from the Monitoring and Evaluation Framework
- Sport Programming Committees typically include
 - Development or Participation
 - High Performance
 - Coaching
 - Officials
- Service or Business Committees typically include
 - Marketing
 - Communications
 - Membership
- Critical that committees members have the expertise necessary to contribute to the content and activities of the applicable portfolio

RECAP - Assessing Organizational Governance Competency

- Fit the work to the most appropriate level in the organization
- **Board of Directors**
 - Strategic leadership
 - Over-sight and accountability
 - Fiscal Responsibility
- **Staff**
 - Implementing / activating policy & programming decisions
 - Day to day financial management
 - Specified authority parameters for each level of staff
- **Committees**
 - Assigned work from the Board
 - Committees of the Board
 - Assigned work from the Strategic Plan
 - Programming or Service / Business Committees

Questions

1. What should members expect from your Board and Executive Committee?

2. What information do you, as a membership representative:
 1. NEED on a regular basis?
 2. WANT on a regular basis?