

# Governance Training

Swim Manitoba and Affiliated Swim Clubs  
January 25, 2020



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## Ground Rules

- Nature of This Presentation Means I Will be Doing Most of the Talking
- Too Much Information in a Short Period of Time
- Say Some Things More Than Once
- Ask Questions at Any Time
- Use the term Head Coach, which means the senior staff person



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## Agenda

Governance Overview

Board Responsibilities

Governance Principles

Governance Hierarchy

Elements of a Strong Board/Head Coach Relationship

**BREAK**

Barriers to Board Effectiveness

Practical Governance Ideas

Nine Steps to an Effective Governing Board

Characteristics of a High Performing Board

Last Thoughts



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## Governance Overview



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## Governance Overview

- Legal Reality
- A Definition of Governance
- Types of Boards
- Governance Continuum



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## Legal Reality

A Director is a Director is a Director...

- Publicly traded firms
- Privately held firms
- Crown Corporations
- Not-for-profit and Non-profit organizations

The Objects will vary but not the responsibility



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## What Is Board Governance?

- Definition of leadership, stewardship and management roles, responsibilities and relationships
- Formalization and codification of practices
- Defines “who does what”



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## Types of Boards

### Five Types of Boards:

- The Agency Governance Model – predominant model – basis of modern governance
- Advisory Board – no power
- Collaborative Board – supports CEO – usually in a firm with a majority shareholder
- Owner Representative Board – often public sector (e.g. Crown Corps)
- Constituent Representative Board – stakeholder Board e.g. industry association



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## Types of Boards

### The Agency Governance Model

- Attempts to delineate roles and responsibilities
- The Board:
  - is the independent arbiter
  - ensures that resources are directed to the right purposes
  - is the voice of the members
  - has ultimate authority and responsibility
  - delegates operating responsibility and leadership to management but ensures the organization stays on track through its critical roles of direction and control



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## Types of Boards

### Swim Manitoba & Clubs - Four Styles of Boards:

- Full governing – Swim Manitoba
- Full operating – none or little staff
- Partial operating/governing but transitioning to governing – majority of Clubs
- Partial operating/governing but stuck or not interested in further transitioning to governing



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## Types of Boards

### Swim Club Boards:

- The landscape is important: size of the Club and level of maturity are factors.
- The vision is important: Do the Head Coach and Board see the same future for the Club? Is there agreement on where on the governance continuum the Club is?
- The relationship between Board Chair and Head Coach is very important: How often does the Chair change? How does that happen? Is there a natural succession process or is it a surprise?



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## Governance Continuum

- Governance is a continuum ranging from a purely operational board doing all of the work, paying scant attention to the governance aspects of their responsibilities through to a highly functioning board that involves itself solely in questions of policy, planning and oversight.
- Basic and high level performance are easy to discern; intermediate level is more arbitrary.
- Fascinating parallel between the governance continuum and the Swim Clubs as there likely Clubs positioned at several points along the continuum.



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# Board Responsibilities



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# Board Responsibilities

TSX identify 5 key responsibilities:

1. Adoption of a strategic planning process
2. Managing risk
3. Appointing, training and monitoring senior management
4. Communications policy
5. Integrity of internal controls & IT



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## Board Responsibilities

Leighton & Thain also identify five:

1. Directing and supervising strategic management, the integrated planning and implementation of the major changes needed to improve corporate performance
2. Appointing and overseeing the CEO
3. Representing shareholders and maintaining shareholder relations (substitute stakeholder)
4. Protecting and enhancing the company's assets
5. Fulfilling fiduciary and legal requirements



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## Board Responsibilities

Pointer & Orlikoff also identify five:

1. Formulating the organization's ends, vision and key goals, ensuring that strategies are aligned with the vision and goals
2. Executive performance
3. Ensuring the organization produces high quality offerings
4. Ensuring the financial health of the organization
5. Ensuring the board's own effectiveness, efficiency and creativity.



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# Governance Principles



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# Governance Principles

## The Board:

- Understands and accepts its ultimate responsibility for determining the organization's ends and ensuring it has a plan for achieving them
- Formulates the organization's vision
- Specifies key organizational goals
- Does not become directly involved in developing organizational strategies; it delegates this task to management
- Understands that to govern effectively it must execute three core roles: policy formulation, decision-making, and oversight



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## Governance Principles

### The Board:

- Is ultimately responsible for itself — for its own performance and contributions
- Formulates policies regarding its ultimate responsibilities
- Makes decisions regarding matters requiring its attention and input
- Oversees (monitors and assesses) key organizational processes and outcomes
- Proactively designs and manages its composition
- Understands it is ultimately responsible for ensuring high levels of executive performance



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## Governance Principles

### The Board :

- Has an explicit and precise working definition of quality
- Develops a panel of quality indicators
- Ensures the organization has a plan for improving quality
- The Head Coach is the Board's only direct report.
- When a vacancy occurs, the Board selects the Head Coach.
- The Board has a Head Coach succession plan.
- The Board specifies its key expectations of the Head Coach



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## Governance Principles

- Board members are recruited and selected on the basis of explicit criteria, employing a skills based process
- The number and type of committees are designed to reflect the Board's responsibilities and facilitate and support its work (not staff work)
- New Board members participate in a carefully crafted and executed orientation process



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## Governance Hierarchy



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## Governance Hierarchy

### Basic Level – Characteristics:

The Board:

- Develops strategy
- Develops and implements policy
- Prepares and implements plans
- Manages operating committees
- Acts as management
- Organizes swim meets



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## Governance Hierarchy

### Basic Level – Activities:

- Agree on Mission and Vision
- Develop and monitor annual budget
- Recruit the right members
- Assist with fund raising
- Run meetings effectively
- Hold an Annual General Meeting
- Notify membership of proposed bylaw changes
- Maintain receipts and records
- File the corporate tax return
- Protect the assets of the organization
- Purchase adequate insurance



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## Governance Hierarchy

### Intermediate Level–Characteristics:

- Evolving to a governance board
- Diminishing shared operational responsibility
- Greater attention to planning
- More attention to accountability
- Define information needs



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## Governance Hierarchy

### Intermediate Level – Activities:

- Relinquish authority and responsibility to staff by clearly delineating responsibilities
- Develop the relationship with the Head Coach
- Separate board committees from operating committees
- Start developing performance measurement techniques
  - Conduct a performance review of the Head Coach
- Introduce planning focus
  - Ensure the organization has a strategic plan
  - Approve and monitor the annual business plan



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## Governance Hierarchy

### Intermediate Level - Activities:

- Determine the amount and type of information the board needs and timing of its flow
- Develop a process for policy making
- Develop and implement key policies
- Prepare a board binder and orientation process for new members
- Set contract policy
- Monitor the community's response to the org.
- Develop written job descriptions for key positions
- Develop skills matrix for recruiting directors



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## Governance Hierarchy

### Advanced Level: Characteristics

- A constructive partnership with the Head Coach & senior team
- Spend board time thinking strategically
- Ensure that decisions align with Vision, Mission and Strategic Plan
- Develop culture of inquiry to share decision making
- Insist on and set example of transparency
- Ensure that ambitious plans have firm financial basis
- Focus on results not activities
- Encourage continuous learning for the board and throughout the organization
- Ensure sustainability through thoughtful recruitment



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## Governance Hierarchy

### Advanced Level: Activities

- Develop a method to review performance of the board
- Ensure that non-financial performance measures are developed
- Ensure that a sophisticated risk identification and mitigation program is in place
- Develop more sophisticated policies
- Develop a focus for each board meeting – e.g. major agenda item
- Ensure that the Board spends at least 60% of its time on planning (not more than 40% on review)
- Develop a pool of prospective directors to draw from as required
- Ensure high quality offerings
- Succession Planning



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## Elements of a Strong Board/Head Coach Relationship



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## Elements of a Strong Board/Head Coach Relationship

The Board/Head Coach relationship is:

- Like an arranged marriage – people who have barely met become partners in managing an important venture
- Like having several dance partners, not all of whom are well coordinated
- One in which people of goodwill struggle to find out how they can be partners and often fail at the task.



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## Elements of a Strong Board/Head Coach Relationship

### Understanding Roles and Responsibilities:

- Clearly, where the accountability for each of the responsibilities previously identified falls is affected by where the Club is in the Operating Board to Governing Board continuum.
- There isn't a one size fits all in a governing model as it evolves with maturity and circumstance
- This is dynamic and requires regular attention from both the Head Coach and Chair – too much or too little can create a lot of friction



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## Elements of a Strong Board/Head Coach Relationship

### Understanding Roles and Responsibilities:

#### ALWAYS REMEMBER:

- It is far easier to list the things that the Head Coach cannot do without Board approval than to list the things the Head Coach can do without approval



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## Elements of a Strong Board/Head Coach Relationship

### Trust:

- If the Board trusts the Head Coach to do what he/she says will be done, they will give the latitude to get it done
- Sound planning and execution are the keys
- Timely, accurate and relevant information
- Openness, honesty, transparency
- The Board has to be consistent, predictable
- Admit mistakes



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## Elements of a Strong Board/Head Coach Relationship

### Trust:

- Agree on a plan: Board and staff – what is the order of magnitude to trigger information to the Board on plan deviation. More on this at the end of workshop
- Bad news does not improve with age and therefore should travel fast



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## Elements of a Strong Board/Head Coach Relationship

### Solid Processes - Board Makeup:

- Start with gaining agreement for a skills based approach: what skills must you have on the Board at all times; what additional skills would you like to have?
- How does that compare to the skills resident on your Board now?
- How are directors selected/elected?
- How are they oriented to the Board/Club?



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## Elements of a Strong Board/Head Coach Relationship

### Solid Processes - Core Board Skills / Experience

- Accounting designation
- Law degree
- Business experience
- Community connections / fund raising
- Swim community
- ??????



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## Elements of a Strong Board/Head Coach Relationship

### Solid Processes - Important Board Skills / Experience

- Marketing
- Public relations
- Planning
- HR
- ??????

**NOTE: a director may possess more than one of the required skill sets and experience**



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## Elements of a Strong Board/Head Coach Relationship

### Solid Processes

- Separate Board committees from operating committees
- Directors serving on operating committees
- Start developing performance measurement techniques
- Determine the amount and type of information the Board needs and timing of its flow
- Develop a process for policy making
- Develop written job descriptions for key positions



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## Elements of a Strong Board/Head Coach Relationship

### Solid Processes

- Develop a method to review performance of the Board
- Develop non-financial performance measures
- Ensure that a sophisticated risk identification and mitigation program is in place
- Develop more sophisticated policies
- Develop a focus for each Board meeting – e.g. major agenda item
- Ensure that the Board spends at least 60% of its time on planning (not more than 40% on review)
- Regular meetings between Head Coach and Board Chair



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## Elements of a Strong Board/Head Coach Relationship

### Solid Processes

#### Executive Committee

- Advice
- Sounding board
- Set the agenda
- A respected group from the Board with deeper understanding of key issues to help explain them to the full Board
- Decision making only in an emergency



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# BREAK



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## Barriers to Board Effectiveness



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## Barriers to Board Effectiveness

- Temptation to micro-manage
- Ineffective Nominating Committee: inability or unwillingness to bring required skills to the Board
- No plan for rotation
- Failure to remove unproductive members
- Too small or too large
- Lack of functioning committee structure
- No strategic plan
- No plan for orientation



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## Barriers to Board Effectiveness

- The Head Coach is defensive and not open with the Board
- Management presents poorly organized material to the Board, or simply reports each decision as a fait accompli
- The Directors feel their contributions aren't sought or valued
- Directors use meetings to score points with each other, perhaps to prove that they are very wise or have read their Board reports



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## Barriers to Board Effectiveness

- When management reports bad news, Board members "shoot the messenger"
- Directors talk a lot, but listen much less
- The Head Coach consistently monopolizes the meeting
- Directors deal with the Head Coach's subordinates by contacting them directly and without alerting the Head Coach
- The Board Chair is overly concerned with finishing meetings on time
- The Head Coach and Board Chair have no agreement on the activities each should undertake



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# Practical Governance Ideas



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## Practical Governance Ideas

### Decision-making processes

- Clearly define respective decision-making roles (Board and Head Coach)
- 10 minute breakout session:
  - Group 1 lists as many Board responsibilities as they can identify
  - Group 2 lists as many management responsibilities as they can identify
- Review the two lists
- This exercise can be done annually with two objectives in mind:
  - Ensure agreement on who has responsibility for what
  - Identify items to transition from the Board to management



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## Practical Governance Ideas

- Boards can oversee performance without micromanaging operations
- Chair/Executive Committee and Head Coach should jointly develop the agenda for Board meetings
- Board Chair must manage their colleagues to keep them on track

### People

- Align board members' skills and assignments with the organization's needs
- Assign members to the right "work", aligned with both their skills and interests
- Adjust members' level of involvement, or help them exit the Board, as appropriate
- Demonstrate an atmosphere of mutual trust and respect



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## Practical Governance Ideas

### Quality

- a) Should always be front and center in the organization's thinking
- b) How does the donor, volunteer, media person, supplier, swim parent, etc. "feel" at the end of their transaction with the Club?
- c) Hiring Practices
- d) Focus only on incremental costs



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## Practical Governance Ideas

- Measure the amount of time the board spends on planning i.e. forward looking matters vs. the amount of time on review items
- By-laws: the less specific the better
  - 10 to 20 members vs. a specific #
  - The Board shall create committees as required to assist ... rather than specific names and mandates
- Constant review – someone has to be always thinking about governance matters and implications



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## Practical Governance Ideas

### Orientation Process

After the Board has approved a director BUT before the individual attends his/her first meeting, the new director will be supplied with a Board Binder (can be paper or electronic) containing important and necessary information, have meetings with key people in the organization and be provided a good sense of how the organization operates.



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## Practical Governance Ideas

### Orientation Activities

- Meeting with the Head Coach or Board Chair to review the governance system
- Meeting with the Head Coach to review strategic and business plans, current business issues and to ensure the new director has a clear understanding of the business model
- Meet staff



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## Practical Governance Ideas

### Risk Management

#### **In order to minimize liability, every Board must:**

- Give the required notification for the annual general meeting
- Notify the membership of proposed bylaw changes
- Complete the annual incorporation filing requirements (federal and provincial)
- Approve, and annually review, personnel policies
- Maintain up-to-date contracts/employment arrangements with the Head Coach and staff
- Know who is authorized to sign cheques, and for what amounts
- Monitor the community's response to the organization's programs and services
- Participate in approving the annual budget, audit, annual financial report, and periodic financial statements



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## Practical Governance Ideas

### Risk Management

#### In order to minimize liability, every board must:

- Develop and implement an evaluation process for the Head Coach
- Maintain receipts and disbursements, according to financial and business policies
- Make sure that the membership approves the annual audited financial statements
- Purchase adequate insurance
- Make sure that committee reports are submitted in writing
- Develop written job descriptions for board member



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## Practical Governance Ideas

### Risk Management

**Let's identify the key risks for a Swim Club**



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## SWIM MANITOBA RISK REGISTRY

- **Risk Management:** An integrated, documented and system-wide process used to identify, assess and treat risks so as to better achieve desired outcomes and reflect the organization's values
- **Significance of a risk:** The combined ranking of the possibility of a risk occurring and the consequence should it occur.



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## SWIM MANITOBA RISK REGISTRY

- **Significance of a risk:** The combined ranking of the possibility of a risk occurring and the consequence should it occur.
- **Possibility (P)**
  - Unlikely** – less likely to happen than not; if it does happen most likely in a distant future
  - Possible** – just as likely to happen as not
  - Probably** – more likely to happen than not and likely in a relatively near future
  - Almost certain** – very likely to happen and sooner than later
- **Consequence(C)**
  - **Minor** – will have an impact on the achievement of the objective that can be dealt with through internal adjustments
  - **Moderate** – will have an impact on some aspect of the achievement of the objective that will require changes to strategy or program delivery
  - **Serious** – will significantly impact the achievement of the objective
  - **Catastrophic** – will have a debilitating impact on the achievement of the objective



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## SWIM MANITOBA RISK REGISTRY Example Page

#	Category	Risk Identification			Risk Assessment			Possible Action (what could we do to further mitigate the risk)	Action Plan - Residual Risk				Notes
		Risk	Impact	Action to date	Probability	Consequence	Risk Score		Next Action Plan	Action Owner	Action Target Date	Date Achieved	
1	Safety	Discrimination (no policy)			Probably	Serious	High	Gender neutral changerooms Develop policy					
2	Safety	Travel Safety Bus, parents/kids Car insurance			Possible	Serious	High	Background Checks Policies - Double check our codes of conducts					
3	Safety	Harassment			Almost Certain	Serious	Very High	Bring all policies in one policy Have clear procedure Identify resources Align with SNC but comply with Sport Manitoba					
4	Safety	Health/Injuries			Probably	Minor	Low	Policies + protocol List, post on website, provide to clubs					
5	Safety	Safe sport/Club governance			Probably	Serious	High	Consistent policies amongst clubs/alignment with SNC but compliance with Sport Manitoba					



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# Nine Steps to an Effective Governing Board



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## Nine Steps for an Effective Governing Board

1. Focus on the strategic
2. Develop organizational depth: Board and Management
3. Strong relationship between Board Chair and CEO
4. Build the Board intentionally - focused recruitment
5. Foster effective Board operations
  - Clearly articulated procedures
  - Board conduct, policy manual
  - Develop a major agenda items schedule
6. Measure process and progress
7. Thorough orientation
8. Creative culture
  - Less reporting, more problem solving
  - Big issues, not minutiae
9. Regular renewal - annual review of Board basics



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## Characteristics of a High Performing Board



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## Characteristics

1. **Constructive Partnership** – exceptional Boards govern in constructive partnership with the chief executive, recognizing that the effectiveness of the Board and chief executive are interdependent.
2. **Mission Driven** – exceptional Boards shape and uphold the mission, articulate a compelling vision, and ensure the congruence between decisions and core values.
3. **Strategic Thinking** – exceptional Boards allocate time to what matters most and continuously engage in strategic thinking to hone the organization's direction



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## Characteristics

4. **Culture of Inquiry** – exceptional Boards institutionalize a culture of inquiry, mutual respect, and constructive debate that leads to sound and shared decision making.
5. **Independent-Mindedness** – exceptional Boards are independent minded. When making decisions, Board members put the interests of the organization above all else.
6. **Ethos of Transparency** – exceptional Boards promote an ethos of transparency by ensuring that donors, stakeholders, and interested members of the public have access to appropriate and accurate information regarding finances, operations and results.



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## Characteristics

- 7. Compliance with Integrity** – exceptional Boards promote strong ethical values and disciplined compliance by establishing appropriate mechanisms for active oversight.
- 8. Sustaining Resources** – exceptional Boards link bold visions and ambitious plans to financial support, expertise, and networks of influence.
- 9. Results-Oriented** – exceptional Boards are results oriented measuring the organization's advancement towards mission and evaluate the performance of major programs and services



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## Characteristics

- 10. Intentional Board Practices** – exceptional Boards intentionally structure themselves to fulfill essential governance duties and to support organizational priorities.
- 11. Continuous Learning** – exceptional Boards embrace the qualities of a continuous learning organization, evaluating their own performance and assessing the value they add to the organization.
- 12. Revitalization** – exceptional Boards energize themselves through planned turnover, thoughtful recruitment and inclusiveness.



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## Last Thoughts

### Three Bucket Theory of Decision Making

NIFO:

Nose In, Fingers Out

A pessimist sees the difficulty in every opportunity.

An optimist sees the opportunity in every difficulty.

- Sir Winston Churchill

