

II Getting Organized

This chapter deals with the practical matters of organizing your group. How an association is organized depends on what its purpose is, but apart

from the particular organizational structure you choose to take, there are many aspects of group development that need to be considered.

2.1 Building the Team

When we plant a rose seed in the earth, we notice that it is small, but we do not criticize it as rootless and stemless. We treat it as a seed giving it the water and nourishment required of a seed. When it first shoots up out of the earth, we don't condemn it as immature and underdeveloped; nor do we criticize the buds for not being open when they appear. We stand in wonder at the process taking place and give the plant the care it needs at each stage of its development.

(Timothy Gallway, The Inner Game of Tennis)

(a) Overview of Group Process

Group process refers to *how* the group carries out its work. It includes the formal arrangements of roles and responsibilities, but also informal relationships, communication patterns and the distribution of power and influence within the group. Groups that have poor group process often run into difficulties. When the group is not functioning well, members become alienated, down-hearted, argumentative and their involvement may decrease.

Form vs. Function

It is sometimes said that “form should always follow function”. “Function” refers to the major purpose for which the group was formed. Form refers to the various structures we put in place to help us do that, such as boards of directors, meetings, task groups and policies and procedures. It is important that the form that you choose for your organization is compatible with its function, and also your members’ values and core principles.

Organizational Elements

There are some common organizational elements that most organizations share. This is not an exhaustive list, but is some of things that seem to be important for successful group functioning.

Vision: As the Cheshire Cat said to Alice in Wonderland. “If you don’t know where you are going, any road will take you there”. Sometimes conflict arises in a group due to members having different ideas about where they hope to end up. Take some time as a group to develop a shared vision of the future you are trying to achieve.

Values And Principles: Groups in which individuals share basic values and agree on a set of guiding principles by which to operate function more easily than those that do not. While members may hold values that differ from each other as individuals, when they come together they need to develop an explicit set of shared values and principles for the group, to which each member can commit.

Purpose: People become energized when they are motivated by a sense of common purpose. It is helpful to frequently remind ourselves of the connection between the work we are doing today and the long-range outcomes we expect to see in the future.

Relationships: Positive relationships nurture the efforts of volunteers, paid staff, consultants, associates and volunteers. Egalitarian relationships tend to lead to individual initiative and sense of responsibility for the organization as a whole. Successful groups nurture relationships that are accepting, welcoming, empathetic, caring and respectful.

Rhythms: There are naturally occurring ebbs and flows within the lives of individuals and within the lives of organizations. There will be flurries of activity sandwiched between times of less activity. Recognizing that this is a natural occurrence will make it easier to cope with feelings of frustration at times when there seems to be little progress.

Learning: In order to keep people interested and keep your group well-informed, it is important that new knowledge and group members are acquiring skills. It is also important that the new knowledge and skills are shared within the group and are used effectively. The goals of the group will be furthered more quickly if it is able to adapt to changing external and/or internal conditions.

Ground Rules: Effective group process is essential. No matter what style of governance you choose, “ground rules” need to be established; such as: “meetings start and stop on time” or “everyone has an opportunity to be heard”. Group members

need to agree on the ground rules, write them down and refer to them at each meeting. Each member must take responsibility to ensure that the ground rules are respected.

Empowerment: Groups are empowered when the individual members are empowered; that is, each of them believes they have the ability and opportunity to contribute in a meaningful way. In order for this to happen, the group must:

- provide adequate orientation for new members
- ensure equal access to information
- be willing to seriously consider alternative viewpoints
- provide ample opportunities for input
- ensure due process observed in decision-making
- encourage involvement in challenging tasks
- provide access to resources
- create opportunities for learning and networking
- take the time to ensure high comfort level of all involved
- acknowledge contributions

Common Stages of Group Development

All groups do not go through the same stages of development, nor do they go through them in order. Quite often they will skip a stage, perhaps coming back to it later. While recognizing this non-linear aspect of group development, it may be helpful to understand that there are common experiences among groups.

Stage 1: Forming the Group

When a group comes together for the first time and people do not know each other, they may feel uncertain and thus be hesitant to make strong commitments right away. Some may be a bit puzzled about the purpose and goals of the group. Others may not be sure whether they will have anything in common with the other members. In this stage the facilitator or chair needs to encourage the group to spend some time getting acquainted, setting ground rules, exploring values and developing effective communication patterns.

Stage 2: Taking Ownership

As the group comes together it is important that members start to take ownership of the group process. They need to understand and/or shape their purposes and tasks in ways that make sense to them and are personally meaningful. As the members express their diverse viewpoints some areas of conflict may occur. There may also be some ill-feelings toward the facilitator or chair if (s)he is not seen as being fair and unaligned with one side or another. It is essential at this point to ensure that all perspectives are given serious consideration, and that efforts are made to accommodate the emerging diversity. If this is not easily achieved, a review of the vision, mission and goals may be helpful. If it is apparent that not all members share the same basic vision and sense of mission, it may be necessary for the group to split into subgroups that will each undertake different activities.

Stage 3: Getting It Together

Having successfully resolved any disagreements, the group now has a sense of cohesion and members feel trusting and accepting of each other. They are able to make a stronger, perhaps longer term commitment to the group and are willing and able to take on greater responsibilities. Effective decision-making procedures are in place and power is shared among all group members. These factors lead to the group developing a strong organizational identity; they are much more than a collection of individuals now.

Stage 4: Making it Happen

The supportive and open group atmosphere that has been achieved at this stage contributes greatly to high levels of productivity. As an interdependent team, members are now able to take on major projects and bring them to a successful conclusion. While there may be inherent reward in the accomplishments, it is also important to recognize people's hard work and efforts. Many community volunteers make considerable sacrifices in terms of their time, family life, leisure pursuits and/or personal finances when they become actively involved in their communities. In addition to providing some public recognition of their contributions, make sure that there is an "ebb and flow" in their level of participation. When one project is finished, the most active members will likely need a break. This may encourage others to come forward to help with the next project. It may also help with leadership development and succession planning, as newer members increase their level of participation.

Stage 5: Moving On

There will always be turnover in group membership. Depending on the nature of the group, there may come a time when it is appropriate for the group to disband. Whether one person leaves the group, or all members go their separate ways, it is important there be a sense of closure, with departure being on good terms. If the group is disbanding it may be helpful to complete an evaluation of the group's work, recognize the positive contribution made by members and celebrate the group's accomplishments.

Remember that, whatever stage your group is at, it is in a state of becoming; i.e., it is always evolving and developing. It is important to note the positive qualities of the group as well as the areas that need some work.



(b) Effective Teams

A team is a group of people that are working collectively towards a common purpose. Building an effective team will reduce conflict and increase results. A strong and cohesive team uses shared leadership and active listening. In high performance teams members have broad, complementary skills and responsibilities, workloads, decision-making, information and resources are distributed more or less equally. The interaction of all these factors creates a synergistic effect, in which the results achieved by the team are more than the results that could have been achieved if each member had been working independently.

Characteristics of Effective Teams

(Adapted from Native Healing and Wellness Institute, Characteristics of An Effective Team, 2002 and Business Development Strategies, Effective Team-Building Seminar, 2002)

Highly effective teams have these qualities:

- shared sense of purposes and values
- set ground rules and examines its own group process from time to time
- climate of trust, respect, mutual support
- accept the value of others' knowledge, skills, and experience
- express differences of opinion freely
- creative, no expectation of narrow conformity
- identifies conflicts and resolves them satisfactorily
- distribution of roles and responsibilities, recognition and rewards
- flexible and responsive to changing needs
- strive for optimal performance
- evaluate performance and progress regularly
- take healthy risks
- see the "big picture"
- positive social relationships among members

In order to build an effective team there must be support from the leadership, willingness on the part of members to let go of "I" and adopt "we" as their frame of reference and have trust and confidence in each other. Training in teamwork is helpful, as is having more experienced members mentor the newer

ones. The collaborative spirit and enhanced results of an effective team will help the group to maintain its membership, adapt to change and develop innovative solutions to complex problems.

When you think of "team" think:

T = Together
 E = Everyone
 A = Achieves
 M = More

(Business Development Strategies, 2002)

(c) Effective Meetings

I do not go to a committee meeting merely to give my own ideas. If that were all I might write my fellow members a letter. But neither do I go to learn other people's ideas. If that were all, I might ask each to write me a letter. I go to a committee meeting in order that all together we may create a group idea, an idea which will be better than any of our ideas alone, moreover which will be better than all of our ideas added together. For this group idea will not be produced by any process of addition, but by the interpretation of us all.
 (Mary Parker Follett: *The New State*)

A good meeting doesn't just happen. Proper preparation and planning is essential. Here are a few tips:

Before the Meeting

There must be a clear purpose for the meeting. Most people are pretty busy, so before proposing that they take the time to come out, ensure that there is at least the anticipation that something will be accomplished and that it is important that they be there. Ask whether a face-to-face meeting is necessary; maybe the work could be accomplished by phone or the Internet.

If this is a regular committee or board meeting, it is important that the participants understand the broad purposes of the group, the roles and responsibilities of the group and of them as individual participants or leaders. For a meeting to be productive, participants must be interested and motivated to help, they must have some basic interpersonal skills, and be able to work as a member of a team. These are characteristics to be considered when recruiting new members to your group.

The chair or facilitator of the meeting especially needs to understand his or her role and have some basic skills in meeting management and conflict resolution. Training programs may be available through your local United Way, volunteer centre or community foundation. It is sometimes helpful for the chair to minimize surprises by being in touch with people informally ahead of time. If there is a major issue coming up, try to provide background information that explains both sides and, if possible, prepare alternate solutions to propose to the group or a constructive method of dealing with the issue.

Here is a brief checklist the chair or anyone else involved in organizing the meeting can use to make sure everyone is notified and everything is taken care of before the meeting.

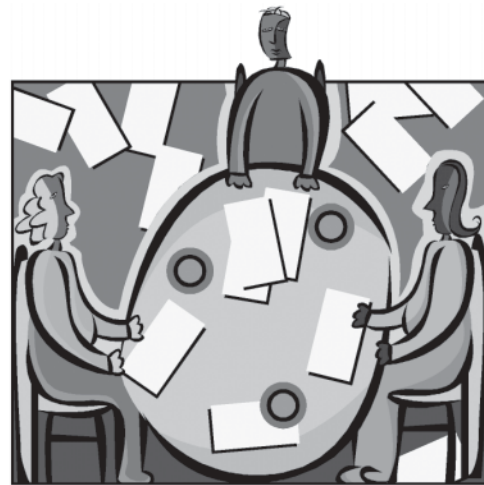
- ✓ chair/facilitator has been designated
- ✓ minute taker has been designated
- ✓ time-keeper has been designated
- ✓ agenda has been made
- ✓ agenda is not too ambitious
- ✓ a break has been scheduled into the agenda
- ✓ agenda has been distributed to everyone
- ✓ special reports have been distributed
- ✓ everyone has been notified of time and place
- ✓ meeting place is equipped for meeting

Planning the Meeting

Location

The location of the meeting can profoundly affect the members' ability to concentrate on the work at hand. Here are some things to consider when selecting a meeting location:

- size - don't squish people in, but if the room is too large people may also feel uncomfortable
- washrooms
- wheelchair accessible
- accessible by public transportation
- parking, depending on the type of meeting and participants
- telephone
- acoustics (how well sound projects)
- privacy, no distractions
- lighting
- temperature control
- adequate ventilation (people will get headaches or fall asleep if it is not)
- if audio visual equipment is to be used, make sure there is someone at the meeting that knows how to use it properly, and will arrive a few minutes early to get it set up ahead of time.



Agenda

Here are some tips to setting an effective agenda:

- Ask for input to the agenda; ensure that any burning issues are not left to smolder, although some issues may be better dealt with individually rather than at the meeting. Ask for agenda items to be submitted well enough ahead of the meeting date that the final agenda can be circulated prior to the meeting.
- Keep the agenda focused on the purpose(s) of the group. When considering whether agenda items are appropriate ask questions such as "is it the business of this group to address this item?" and "is this an item that the whole group needs to talk about or is this the concern or issue of one or two individuals?"
- Rank the importance of the agenda item, and place the most important ones in the middle of the agenda. This minimizes the negative impact of one or more members coming late or having to leave early.
- Set time limits for each agenda item and try to stay within them. If an item is taking longer than

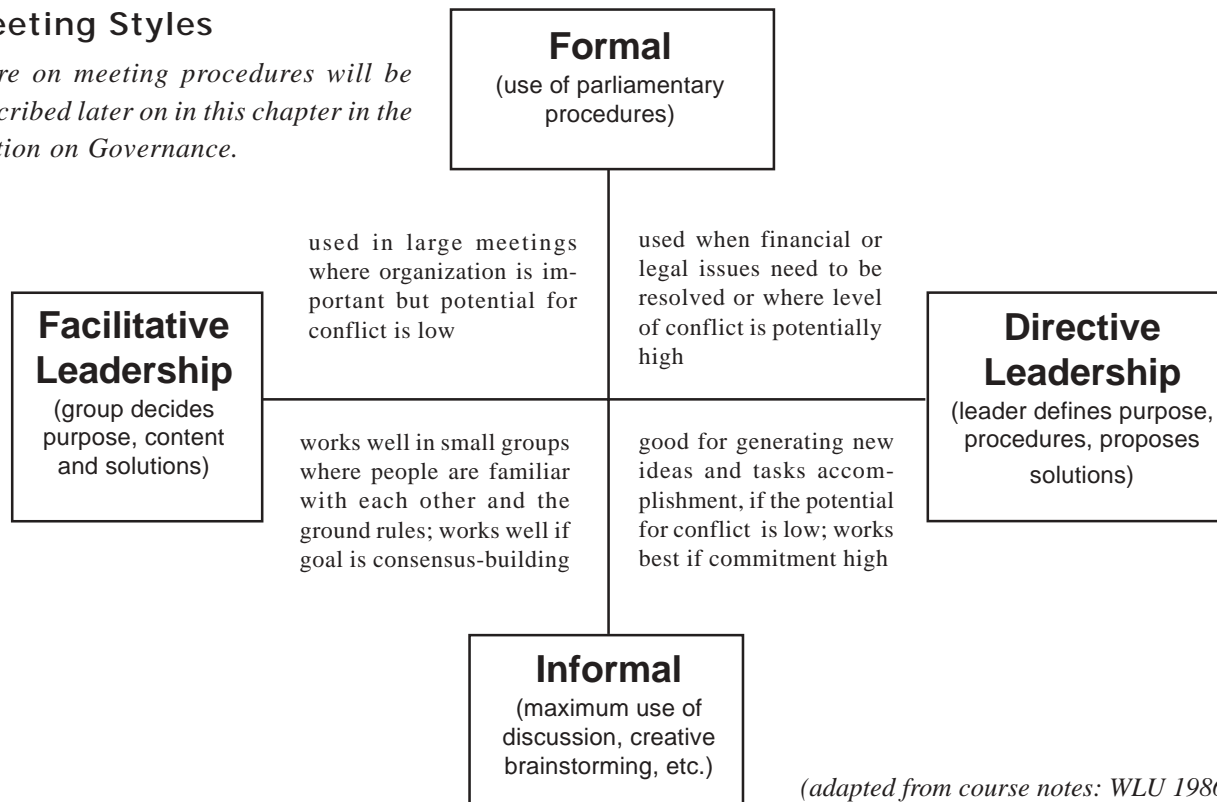
scheduled, but it seems to be important to continue with, the group may be able to change the timing of upcoming issues to accommodate it. Otherwise, perhaps it can be set aside and the discussion continued at the next meeting.

- Schedule a break about two thirds of the way through the meeting.
- Decide in advance what procedures are to be used at the meeting. On the agenda, for each item, it should be indicated if the item is for information only, for discussion, or for a decision to be made. The type of decision-making procedures to be used (e.g., consensus, majority rules) needs to be decided in advance and, if a topic is complex or controversial, the discussion could be formally structured. For example, you could use a speakers list and only allow people to speak when recognized by the chair.
- Agendas and any background materials should be sent to participants ahead of time, with enough time allowed that they will realistically have a chance to read them before the meeting.

A sample agenda is provided in Appendix 2.

Meeting Styles

More on meeting procedures will be described later on in this chapter in the section on Governance.



(adapted from course notes: WLU 1986)

Meeting Styles

The style of meeting your group decides on, whether formal or informal, majority rules or consensus, collective or leadership-driven, depends on many factors. The diagram on the previous page lists some of the factors involved in deciding what type of meeting style is right for your group.

Chairing the Meeting

Primarily it is the chair's responsibility to moderate the discussion, ensure encourage participation, mediate conflict and maintain focus. Here are some tips on effective chairing procedures:

- If there are newcomers to the group, always have brief introductions.
- A few words of welcome and appreciation are usually well received.
- Ensure that the tone of the meeting is one of respect and appreciation for the participants' time and effort.
- Show respect for the value of other's time by starting and stopping on time.
- Explain purpose of meeting and/or review agenda to remind participants why they are there.
- Review the ground rules, especially if newer members are present.
- Maintain the focus of the meeting by sticking to the agenda. If an item is raised that isn't on the agenda, but most members agree is important to discuss, it may be tabled to the end of the meeting, if there is adequate time left, or tabled to a future meeting. If it is an item that required background information or time to think about, it may be best to leave it to the next or some other future meeting.
- If people come in late, do not recap the proceedings so far. Doing so is not considerate of those that arrived on time.
- The role of the chair is to facilitate the meeting; normally the chair does not make suggestions or opinions. It is very important that the chair appear to be neutral and giving equal time to both sides of an issue. In a formal meeting, if the chair feels compelled to speak, (s)he should ask someone else to take the role of chair until that agenda item is concluded.
- If someone is disturbing the meeting process; e.g., dominating the discussion, or talking to a

neighbour when someone else is speaking, politely ask them to refrain (e.g., suggest that it is time to let someone else speak, or ask them to save their conversation with their neighbour for the break). If the behaviour continues, the chair should talk to the person privately at the break and let the person know that his/her conduct is unacceptable.

- Do not rush into asking the group for a decision; take the time necessary for everyone to feel that they have had their say and have explored the issues sufficiently. At the point that no one has anything else to say on the subject, or people begin to repeat themselves, the chair should restate the motion or question to be decided and call for a decision. It is vital that the group sees the decision as a group decision, not a minority of members imposing their will on the others. Even those that vote against a decision must, for the good of the group, be willing to uphold it as the will of the group, and carry on in accordance with the decision.
- At the end of the meeting it is often useful to summarize the work that has been accomplished and the actions to be taken before the next meeting. Many groups also conduct a brief evaluation, written or verbal, as to how participants felt the meeting went. A sample meeting evaluation is contained in Appendix 2.

Meeting Follow Up

- The minutes of the meeting should be circulated prior to the halfway point between this meeting and the next, so that people have time to fulfill their commitments before the next meeting.
- Minutes are a record of the important content of the meeting, not a verbatim transcript of everything that was said. They must contain the date and time of the meeting, the attendance and a record of any decisions or commitments that were made. Minute-takers are not to add their own comments or additional information to the minutes. If the minutes are kept simple, it avoids error or misrepresentation (and sometimes embarrassment) and will allow the minute-taker to still be able to participate in the meeting.
- If it is crucial that a certain task be completed prior to the next meeting it is probably a good idea for the chair or other appropriate person to inquire as to whether it has been completed prior to the next meeting, in sufficient time that another could take it on if necessary.

Some Common Meeting Complaints and Possible Solutions

Complaint	Possible Solutions
Meetings are too long	<ul style="list-style-type: none"> · set a firm time to end the meeting and stick to it · shorten agenda to essential items · schedule more time than you think necessary for each item to give some flexibility · appoint a time keeper to ensure schedule is respected · put less important items at the end and if necessary table to the next meeting
Too many people speak at once	<ul style="list-style-type: none"> · chair needs to stop the meeting and ask for one person at time to speak · if a chronic problem, may have to insist that people raise their hands and not speak until recognized by the chair
Discussion is monopolized by a few	<ul style="list-style-type: none"> · chair must interrupt if necessary and politely explain that it is time to let someone else speak; if it continues the chair should speak to the person in private and explain that this behaviour is not acceptable
Hidden agendas	<ul style="list-style-type: none"> · if a hidden agenda is suspected the chair or another respected member of the group should meet with the person in private to discuss concerns; if a conflict of interest is apparent the person should be asked to resign from the group
Poor preparation	<ul style="list-style-type: none"> · meeting agendas and background materials should go out early enough for members to have a reasonable opportunity to read them; if one or two are chronically unprepared, the chair should inquire as to the reason and assist them to find a solution, or perhaps resign if they are not interested in participating effectively
Discussion goes off on tangents	<ul style="list-style-type: none"> · chair needs to re-focus the group as needed; re-state the issue to be discussed; ask if anyone has anything else to add about this particular item and if not, announce the next agenda item. If the chair is ineffective, a respected member of the group may suggest the group get back on track.
Important issues not addressed	<ul style="list-style-type: none"> · while it is the chair's responsibility to set the agenda, most groups allow for members to have input and thus the opportunity to place their issue on the agenda. If this is not the case, a member may raise the issues under the "new business" portion of the agenda and, if supported by others, have it placed on a future agenda.
Talking to "neighbours"	<ul style="list-style-type: none"> · chair should stop the meeting and focus attention on the "talkers" and ask them to save their side conversations for a break or after the meeting
Lack of commitment or genuine interest by some members	<ul style="list-style-type: none"> · attempt to find out what they are interested in and see if there is an activity they could become involved in that matches their area of interest. If they are truly not interested they will eventually stop coming.
Lack of skills - interpersonal, leadership and/or meeting facilitators	<ul style="list-style-type: none"> · if the chair is ineffective, don't embarrass him or her in front of the group, but privately suggest some strategies for improvement and offer your support. · training is an important part of group development; inexpensive training programs are available for non-profit groups from a variety of sources, such as United Way or volunteer centres.
Chronic complainers	<ul style="list-style-type: none"> · talk to the person privately and try to discover if there is a deeper issue or problem that is the root cause of dissatisfaction. If no solution emerges, convey the negative impact the complaints have on the morale of the group and ask that only constructive suggestions regarding the agenda item being discussed be made at the meetings.
Repetition of opinions, especially when decision already made	<ul style="list-style-type: none"> · chair needs to firmly remind the person that the decision has been made. Parliamentary procedure requires a 2/3 majority to "re-open the question" i.e. to discuss something that has already been decided.
Inadequate minutes	<ul style="list-style-type: none"> · the minute-taker may need training or coaching; use a form that only needs to have the details filled in (see Appendix 2 for sample) to make the job easier. If minutes are late getting out, perhaps a reminder is needed. As a last resort, recruit an alternative minute-taker.
"Old guard" not adapting to changing environment	<ul style="list-style-type: none"> · it is important to be respectful of past achievements, but the focus must be on the future. Reflect on the changes we are experiencing and bring in reliable information to back up your proposals for change. Listen carefully to all expressed opinions, but prepare your own case thoroughly and present it persuasively. Try to accommodate their concerns and interests simultaneously with the new plans.

(d) Inclusive Participation

In a healthy community, residents understand, respect and appreciate the full range of variation among their numbers, along dimensions such as culture, beliefs, ability, income, age, gender and sexual orientation. Diversity strengthens our communities, as long as we have the awareness and respect necessary for us to live and work together in harmony. Each person has a unique perspective and a unique contribution to make.

The membership of your group should ideally reflect in a substantial way the diversity of the community you represent. If the group is to be responsive to community needs and issues, it must be aware of and be representative of the breadth of the community. The more diverse the group, the more likely it will be able to improve community well-being for all its residents. Without adequate representation, there will be lack of knowledge of issues, needs and resources within certain parts of the community. Also, greater diversity provides a larger “toolbox” of skills, knowledge and experience; perhaps large enough to provide the solutions we are looking for.

Many groups consist primarily of friends and colleagues. Although it can be more “comfortable” to stay with the familiar, it is important to reach out to parts of the community that tend to be under-represented in community affairs and organizations, and ensure they feel welcome to participate. There are a number of concrete ways that groups can eliminate or at least reduce barriers to participation:

- actively recruit people from under-represented sectors of the community
- provide a small honorarium or otherwise picking up the costs of bus tickets, parking, and childcare
- avoid activities that are costly for members; e.g., some groups meet over dinner, which may be appropriate for a business or professional association, but would not be for most community groups
- ensure meeting and activity locations are accessible to those with reduced or alternative forms of mobility
- don’t mix religion or other beliefs with the work of your group unless it is explicitly related to the purpose of your group.

Public Meetings

When you organize a public meeting there are a number of factors you will need to take into consideration:

- who you expect will attend
- have a clear purpose - do you want to inform; train and orient; problem solve?
- how it will be organized (will you give a presentation; have a guest speaker, panel, etc?)
- location:
 - determine the amount of space you'll need
 - make sure it is easy to get to (e.g., accessible by public transportation)
 - make sure it is wheelchair accessible
 - check for adequate parking space
 - decide if you'll need an eating area
 - determine the furniture you'll need
 - find out if there is adequate lighting
 - make sure there are washroom facilities
- costs involved:
 - meeting facilities/parking
 - food and/or refreshments
 - advertising and promotion
 - registration materials
 - childcare
- time involved in planning
- duration:
 - determine how long meeting should last and let people know so they can make any necessary arrangements
- resources needed:
 - assign committees to different tasks
 - guest speakers, facilitators.
 - accommodation for guest speakers
 - audio-visual equipment (flipcharts, overhead projectors, etc.)
- agenda/program:
 - create a detailed program to hand out
- follow up:
 - distribution of report
 - identification of next steps

(f) Navigating Conflict

In healthy community groups we expect there to be a diversity of opinion and perspectives within our membership. If everyone is committed to seeking solutions that satisfy everyone, members will explore the various factors involved in a difference of opinion, e.g., values, ideology, and past experiences, to try to understand each others' point of view. Here are some tips for making this process as productive as possible:

- Recognize the conflict and bring it out into the open.
- Identify the essential issues involved in the different positions being taken.
- Take the time necessary to deal with the situation effectively. If tempers are hot it may be best to have a "cooling off" period and table the discussion to the next meeting.
- Collect information from both sides.
- Ask questions and explore the nature of the conflict in an open and accepting manner; ensure both side receive equal attention; encourage members to share their feelings as well as their arguments.
- Ask the group to identify potential solutions and their consequences.
- Consider all available options.
- Work towards finding a mutually acceptable solution without coercion.
- Carry out the decision and ask both parties to assist in evaluating its effectiveness.

Dealing with Difficult People

It is not unusual for there to be one or more members of your group that are difficult to get along with, or who are disruptive to the group process. Consider the following suggestions:

- listen carefully to the person and try to discover if there are underlying issues that need to be resolved, or perhaps there is a personal situation that the person is having some difficulty coping with.
- communicate with people in the way that they are most comfortable; e.g. "action" people need down to earth messages about what is to be done , when and how, whereas "visionary" types may be more likely to respond to a philosophical discussion.
- use subtle forms of feedback to people that are long-winded; appear distracted, start doodling or suggest that you move on.

There are times when a person is clearly not functioning effectively as a member. As a last resort, it may be necessary to ask them to leave. Many groups have a provision in their constitution or by law that allows for termination of a member with a two-thirds majority vote.

2.2 Planning for Change

(a) The Process of Change

Developing stronger, healthier, more vibrant communities requires change: as individuals in terms of how we think and act, and as a society, in terms of our public attitudes, policies and political decisions. Change is inevitable, but if we want to influence the direction of change so that it is beneficial for all, and for the generations to come, we need to be actively involved. In your change efforts you will meet many people that are not willing to support your efforts and perhaps even put obstacles in your way. Understanding your political and social environment and carefully planning your strategies will be your road to success.

Resistance to Change

People resist change when they feel they are losing more than they will gain. Here are some strategies for reducing resistance to change:

- Involve everyone who will be affected by the change in the process. Ensure there is a good flow of information and provide opportunities for input, discussion and feedback.
- Acknowledge loss with empathy and compensate for it to the extent possible.
- Highlight the costs of not changing.

- Demonstrate strong commitment to change.
- Accept the reality and importance of people's subjective perception of change - don't be surprised by over-reaction.
- Ensure that information is readily available.
- Define what is over and what isn't and what's next.
- Mark the endings - treat the past with respect.
- Let people take some part of the old way with them.

(b) Strategic Planning

Strategic planning is like a road map that charts a route along a path that you have chosen to take in order to reach your destination. Sometimes you can follow a path that has been laid out already; other times you will need to forge a new road ahead. It is important that the strategic plan is developed collectively by the group. You cannot import a plan from another group, e.g., a map of Guelph is not much good if you are trying to navigate your way in Sault Ste. Marie. Neither can you hire a consultant to do it for you, or even entrust it to an individual member of your group. It is a continuing process that requires the involvement of all that have a stake in its outcomes.

Strategic planning has five main components:

1. Mission (What you hope to accomplish)
2. Strategic Analysis (Where you are now? What factors do you need to consider in planning for the future?)
3. Broad Strategic Directions (How are you going to get to where you want to be?)
4. Operational Objectives and Actions Plans (What you are going to do? When?)
5. Evaluation (How will you know when you have succeeded, or at least are on the right track?)

While strategic planning is an important element for any organization, it is not necessarily the first activity that the group needs to take on. There is a certain level of readiness required, in terms of the skills, commitment and functioning of the group. The Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) suggest that embarking on a strategic planning exercise is not appropriate under these circumstances:

- lack of leadership, training or skills
- lack of commitment to the process
- the "old guard belief" that nothing can help and nothing ever changes
- lack of time, money or other resources to carry out the process
- problems with key individuals
- difficulty with programs or policy implementation
- little likelihood of the strategic plan being used
- a poor relationship among the players
- a major election is upcoming.

Strategic planning compares the vision of the group with current reality, and finds ways to close the gap. It requires collecting information and analyzing it, but is also an opportunity to be creative and ask questions such as "is there another way?" and "is there anyone that can help us with this?"

Planning is a cyclical process; it is not something that is just done once, but is on-going throughout the life of the group. Thus, the starting point of your planning does not necessarily have to be the development of a vision or mission statement. Some groups have found that by going straight to action they were able to mobilize large numbers of people and gain some immediate credibility and success. However, in a Healthy Community process, in which all sectors of the community are to be involved, it is more likely that a strategic planning process will follow the visioning process more or less immediately. Otherwise the actions will not reflect a community-wide strategy that has the commitment of a broad spectrum of its members.

Here are some points to consider as you plan your strategic planning session:

- Contract a facilitator to chair the gathering if you feel you need someone impartial or someone knowledgeable about the steps involved in strategic planning.

- Select a chairperson who will help the group stick to the agenda.
- Set up a strategic planning team or a steering committee with representatives from major stakeholder groups (e.g. anyone who has a "stake" in the outcome. From inside the organizations, you might include members, recipients of services or benefits, staff and volunteers. From outside the organization - perhaps a local government representative, providers of related services, representatives of social, economic and environmental sectors. Ensure that any real or potential conflicts of interest are identified; the group will decide whether that person should or should not be involved in the strategic planning process.
- Make sure that those who agree to participate in the planning process understand the time and commitment involved.
- Listen to people's concerns about the process; about their other commitments; and about their availability and plan the session(s) accordingly.

The complexity of your strategic planning process usually corresponds to the size and complexity of the organization. The following section provides a brief summary of the major elements of strategic planning. However, the last step, evaluation, has been incorporated into a full chapter on evaluation: see Chapter V.

Mission

"A mission cannot be impersonal; it has to have deep meaning, be something you believe in - something you know is right. A fundamental responsibility of leadership is to make sure that everybody know the mission, understand it, and lives it."

Peter F. Drucker: Excellence in Performance: The Courage to Lead; Michigan Nonprofit Association; 2000

Most groups find it helpful to develop a formal mission statement for their group. The mission of an organization is a clear and concise statement of the purpose of the organization and the broad means by which it will be achieved.

For example, the mission of the Ontario Healthy Communities Coalition is “*to work with the diverse communities of Ontario to strengthen their social, economic and environmental well-being.*” The mission statement is the reference point for decisions about what activities the group should undertake. When considering starting a new initiative, members should ask whether the activity will further the group’s mission?” Mission statements must be reviewed and revised from time to time to ensure that they continue to be relevant to the community as it evolves and to the members of the group. Developing or reviewing the mission statement is often the first activity of a strategic planning process.

Strategic Analysis

It is one thing to get information and another to organize and understand the information so that it can be used to develop an effective plan that has broad community support. Deciding how much information you will collect will be based on a subjective assessment of what you feel is required to develop an effective plan, the time you are willing to spend on it and the resources that are available.

One of the most common approaches to organizational analysis is the SWOT Analysis. SWOT stands for Strengths, Weaknesses, Opportunities and Threats. In a SWOT analysis, the internal strengths and weaknesses are identified, along with the external opportunities and threats within the environment in which the organization operates. It may be infor-

mal, taking a few hours spread over a couple of meetings, or it may involve in-depth analyses involving the hiring of consultants, the collection of primary and secondary research data and/or intensive interviewing of major stakeholders, requiring several months of work.

Strategic Directions

Once your analysis is complete, the group can begin to formulate its strategic directions. This involves identifying key strategic areas; i.e. areas in which change is needed, either directed to the internal functioning of the group or in response to newly identified activities that the group agrees to take on.

For example, at a strategic planning session for OHCC, board and staff identified several key strategic areas. One that related to the internal organization was:

"to increase the diversity of participation in OHCC".

Another that related to our external activities was:

"to enhance our services by identifying specific issues common across the province as a step toward developing expertise in key areas".

How to translate strategic directions into action plans will be covered in Section 4.2: Taking Action - Making it Happen.

The following table suggests areas to look at in your assessment.

Internal Strengths And Weaknesses	External Opportunities And Threats
<ul style="list-style-type: none"> - funds - human resources (paid and unpaid) - facilities - leadership - membership - donor base - management - governance 	<ul style="list-style-type: none"> - degree of community support - political climate - economic conditions - competing community issues and interests - competing organizations - relationship with (potential) funders - changes in technology

2.3 Governance

(a) Legal Structure

There are many groups that do not have a formal structure. These tend to be focussed more on networking, self-help or other activities that do not require a substantial degree of responsibility for funds, personnel or contracts, and engage in low risk activities. The members act as individuals from a legal point of view and are responsible for the consequences of their actions as individuals.

As groups take on more responsibility, they may want to consider becoming incorporated as a separate legal entity. The group becomes a corporation; a separate legal entity or "person" so to speak, so that the legal liability of the individual members is reduced. The corporation is able to issue and sign contracts, hold real estate, sue and be sued in a court of law, all in the name of the corporation. Other advantages of becoming incorporated as a not-for-profit organization (i.e., a corporation without share capital) include income tax exemption, the exclusive right to the name of the organization, and, for some funding sources, eligibility to receive grants. There are also obligations, however, such as filing an annual information return with the government.

Groups that have charitable purposes may apply to be registered as a charity by the federal government. There are several advantages to charitable registration. For one thing, it allows you to issue official receipts for donations for the purpose of income tax reduction by donors. The organization is exempt from paying income tax, and is eligible for grants from sources that only give to charities. In order to qualify for registration, the organization must be established and operated wholly for charitable purposes and it must devote its resources to charitable activities. Organizations must have one of more of the following goals:

- the relief of poverty
- the advancement of religion
- the advancement of education
- community benefit (applies to a fairly narrow range of activities, established by the courts)

Charities must file reports on their financial and operational activities annually.

(b) Organizational Structure

Even informal groups or associations will find it helpful to write out their mission, purpose, goals and membership criteria, in the form of a constitution. And they may also want to write down their procedures and rules in the form of a by-law. For incorporated organizations it is required by law.

The constitution and by-law are the initial policy documents of an organization. They lay out the basic purpose of the group, its form and procedures, so that regardless of who the members are, there will be continuity and consistency in the work that is carried out in the name of the group.

Constitution

The Constitution sets out the purpose and nature of the group. Depending on the scope of the group's activities, it may be prudent to have the constitution reviewed by a lawyer. Usually the constitution would not change throughout the life of the organization. The following information is generally found in a constitution:

- name of the organization
- purpose of the organization
- major policies (e.g., membership criteria, population to be served)
- statement of legal status (e.g., whether incorporated or not)
- impression of corporate seal, if organization is incorporated
- location of the head office or mailing address for the group
- statement that members of the Board of Directors will not receive remuneration
- "winding down" procedures, should the organization cease to exist.

Bylaw

The bylaw describes the operating procedures of the organization and may change from time to time. It needs to be reviewed regularly and revised as needed to ensure that it remains consistent with actual practice. The following items are usually contained in a bylaw:

- goals and objectives of the organization
- limitation to its activities; e.g., it may be that the members decide the organization should not participate in political activities
- eligibility for membership; description of classes of membership; whether fees will or may be charged
- number of Directors on the Board, the length of term and duties
- the indemnification of Board members; i.e., stating that they will not be held liable as individuals for the actions of the Board as a whole
- policies for the eligibility, nomination, election, resignation and termination of board members
- the Executive positions, usually consisting of President, Vice-President, Secretary and Treasurer, and their roles and duties
- designation of signing officers
- fiscal year
- committees
- requirement to have an Annual General Meeting
- rules of order to be followed during meetings, including how decisions are made
- procedures for amending the bylaw.

The organization or group may also enact other policies as it sees fit; some of the more common policies relate to personnel, anti-discrimination and equity, media relations, confidentiality, and sexual harassment.

The group may also maintain a list of standing rules, or statements of day-to-day operating procedures in which the Board is involved; e.g., “All expenditures exceeding \$500 must be approved by a 2/3 majority vote of the Board of Directors.” These would be kept together in one location for easy reference and dated so that they could be cross-referenced with the minutes of the meeting at which the rule was made.

These form the organizational structure of the group and, if effective, will:

- guide decisions about how things get done
- set policy about how people relate with each other
- provide a framework to deal with problems like conflict and tension
- authorize a spokesperson for public relations purposes
- set financial controls in place
- ensure that power is distributed fairly equitable within the group
- establish principles to guide action
- provide accountability
- protect members from individual liability.

(c) Decision-Making Styles

Group Decision-Making

In any decision making process there are generally five steps:

- 1. Definition:** The members must share a clear perception of the problem or issue. It may be a complex matter to sort out intertwined issues and identify discrete questions that can be addressed as separate items.
- 2. Propose Solutions:** All members should have an opportunity to propose solutions, without any negative comments being made about them at this point.
- 3. Exploration:** As a group, calmly and openly explore the pros and cons of each alternative; make a genuine effort to understand alternative viewpoints from your own.
- 4. Decision:** Choose an alternative based on a thorough understanding of the potential consequences of each possibility. Decisions can be made by vote (show of hands or secret ballot, recorded by individual or not) or by consensus.
- 5. Evaluation:** Following the implementation of the decision there should be an evaluation of its result.

Democratic Groups

Democratic groups operate by a set of principles, such as those listed by the Ontario Ministry of Food & Rural Affairs in its factsheet entitled *Procedures for Meetings*.

- Every member has rights equal to every other member, with justice and courtesy for all.
- The will of the majority must be carried out.
- The minority must be heard and its rights protected.
- Only one topic will be considered at a time.

“A small group is democratic if it has equally distributed decision-making power, an inclusive membership committed to democracy, healthy relationships among its members, and a democratic method of deliberation. Group deliberation is democratic if group members have equal and adequate opportunities to speak, neither withhold information nor verbally manipulate one another, and are able and willing to listen.”

(Gastil, 1993 p. 6)

Many groups use a form of parliamentary procedure, but often simplified to a few basic rules. These rules are intended to both expedite the business of the group as it works towards its objectives, and ensure that members can participate effectively in the decision-making process.

This style generally includes the following procedures:

- Chair calls the meeting to order. The minute-taker records the time.
- Quorum is established. This is the number of people required for the decisions of the meeting to be binding on the group. It is up to the group to decide what that number is; most often it is a simple majority (i.e., 50% plus one). Sometimes other factors will be involved; for example, one of the criteria for quorum at an OHCC Board meeting is that members from at least three regions of the province are present.
- Reports may be "received", meaning there is no commitment made to any of its recommendation, or "adopted", in which case the group approves of its content and commits to taking appropriate action with respect to its recommendations.

- For items that require a decision, a member makes a "motion". This is a clear statement of the proposed action. It must be seconded by a second member to show that there is some support for it. If there is no seconder, no further time is spent on it. If it is seconded the chair asks for discussion. The chair may decide to limit the amount of discussion allowed, and call for a vote to be taken. Any member may also call for a vote, but a two-thirds majority of the members have to agree before the vote is then taken. Only one motion can be considered at a time. When a motion is "on the table" no other business can be considered. Motions may be tabled, withdrawn or amended - more information on that and other parliamentary procedures are in Appendix 2.
- There is usually a section near the end of the meeting for "New Business", which is an opportunity for members to raise issues either for immediate discussion or decision, or to be placed on a future agenda.
- The Chair may terminate the meeting; a motion is not required. If there is unfinished business (s)he may adjourn the meeting to another time and place to finish it. Some groups view their work as continuing from one meeting to the next and prefer to adjourn rather than terminate the meeting. Some also choose to pass a motion for adjournment, with no seconder required.

Consensus

Consensus decision-making is used by groups that put a high priority on the personal empowerment of members, the protection of minority rights and strong group cohesion. When the consensus model is applied properly, it is a powerful tool for personal and collective development. However, there are a number of factors that are needed for it to work effectively:

- members share common values, a common vision and a common purpose
- members have a high degree of comfort and trust within the group
- each member accepts responsibility for the well-being of the group
- each member accepts that it is his or her individual duty to speak up about any concerns they may have relating to the group's activities, meeting process or relationships with others

- each member is genuinely interested in listening to others' viewpoints and is open to learning more about themselves and each other
- members have the flexibility to change their position on the basis of information and reasoning
- members are trained in the consensus decision-making process and are committed to working within its procedures for the benefit of the group.

Using consensus as a decision-making process requires all members to participate in reaching a decision with which the whole group is satisfied. Decisions express the will of the whole group, not just of a majority. It is based on the premise that everyone's viewpoint is important and should be heard, and that all concerns are valid. Sometimes a lone voice has perceived something that others have not.

It is sometimes said that working by consensus takes longer than using a majority rules process, but this is not necessarily so. First, the decisions that are made likely to be better due to the deeper understanding that is fostered and the creative forces that are unleashed as members search for the best solution. Secondly, it is possible to delegate authority to individual members, committees or task groups. In some cases, it may make sense for a group to use consensus only for certain types of decisions that may have long term impacts, such as policies or planning. In this situation it is important that the group be clear on what items require consensus and which ones do not.

There are situations when consensus is not appropriate and would not work well, such as:

- feeling of urgency or time pressure
- overly ambitious agenda or difficulty sticking to agenda
- changing membership
- irregular attendance - one member cannot speak for others who are not present
- absence of ground rules / enforcement
- barriers to participation
- subtle hostilities and the formation of cliques
- lack of team identity.

Characteristics of Consensus Building

- collective, open and fair process that allows everyone to speak and be heard
- decisions are made by the group as a whole
- facilitates people working together to find solutions and ways to create and maintain a healthy community
- voluntary and inclusive
- promotes cooperation and collaboration
- uses creative problem-solving, the diversity of knowledge, experiences, and opinions within the group
- leadership is shared
- requires patience and perseverance and trust
- asks us not to be rigid in our thinking and solutions
- allows participants to control the agenda and shape the process
- leads to an acceptable solution that everyone can live with; it does not necessarily lead to unanimity; it is a willingness to accept a decision sometimes with reservations or differences of opinion still existing

Benefits of Consensus

Consensus can be a difficult process; demanding and, at times, very frustrating. When you persist, however, consensus building can be also be a rewarding experience. It not only helps the group discuss issues and seek solutions in an open environment; it helps foster a sense of shared ownership and solidarity among everyone involved. Some other benefits may include the following:

- reduces barriers between different groups
- fosters understanding and respect for other groups
- responsibilities and commitments to change are shared
- decisions are long-lasting because everyone participates in making them
- helps anticipate problems and avoid disputes or conflict
- encourages unity and understanding
- promotes commitment to decisions
- builds and strengthens partnerships.

There are many versions of consensus decision-making processes. Here is one example:

Procedure for Achieving Consensus

- 1. Identification of the Issue:** someone will raise an issue and provide some background information about it and explain why it is important for the group to consider.
- 2. Re-state the Issue:** the facilitator states the issue in clear and poses the question that is to be decided.
- 3. Discussion:** Members discuss the issue, not just in terms of pros and cons of, for example, writing the letter, but will consider alternative actions and their potential implications. Members speak openly and honestly about their thoughts and feelings on the topic. The facilitator will decide if some structure would be beneficial; (s)he may decide to use the "go-around" method in which members take turns speaking to the issue, going around in a circle until everyone has spoken. Rather than repeating what others have said, members may just indicate agreement with someone else, and if they have nothing to add they may pass. In a consensus process, no one is permitted to interrupt another, and members do not respond directly to each other or debate with each other; they wait their turn and then offer, if not a solution, at least a new insight or something that will move the group towards consensus.
- 4. Collective answer:** Often as a result of the discussion, a collective answer emerges which seems to have everyone's support. The facilitator then summarizes the proposed action, then canvasses the members for their response, asking each of them in turn if they agree with the proposed action. If all concur, consensus has been reached.
- 5. Options When Consensus is Not Reached:**
 - (a) Stepping Aside** - When one or two people are reluctant to agree with a proposed solution the facilitator should ask if they are willing to "step aside". This means is that while the reluctant people may not agree with the solution, they do not find it fundamentally wrong or inappropriate and so are willing to allow the group to go ahead with it. If several people opt to "step aside" there is more work that needs to be done to improve the degree of consensus.
 - (b) Postponing Agreement** - If agreement cannot be reached then perhaps the group should put the issue or problem aside for awhile. Give people enough time to think the matter over and consider what others have said; no one should feel pressured to agree. However, be careful not to avoid the issue altogether. Shelf the issue for a short while, not forever! If the issue is contentious some breathing time or cooling-off time might be required.
 - (c) Blocking Consensus** - When a participant cannot accept a given decision he/she can stop the proposed action from going ahead by blocking consensus. If consensus is not reached, those that have spoken against the proposal may be asked to provide further information regarding their concerns. The "round robin" method may be used, with members are asked to try to find a solution that will be satisfactory to all. A few moments of reflection may be taken, to try to look deeper into the problem. Often individual differences in values and beliefs will be at the root of

the disagreement. As these emerge, it may be that opposing members will discover that their feelings, while understandable, are not relevant to the issue at hand. Through thoughtful consideration of alternative viewpoints members may find that there are points of agreement that they can build upon. If consensus is not reached; i.e., if one or more members state that they do not support the proposed action, it cannot be taken. It is a big responsibility to have the power to stop the group from acting, and not to be taken lightly, but using it may be a true service to the group.

(d) Continuing to Talk - If consensus is not reached then perhaps all of the different options have not been brought forward or have not been thoroughly discussed. Try expanding on some of the points made during the discussion; perhaps a bit more information or background is needed. Find out if any points need clarification.

(e) Go-Around - A go-around is an exercise that lets everyone speak around the table for 5 to 10 minutes completely uninterrupted. Give everyone the same amount of time to speak. No one is allowed to offer criticisms or interject comments while someone else is speaking. No ideas are rejected and all objections and reservations are heard out.

(f) Small Group Discussion - Sometimes when consensus cannot be reached in a large group then perhaps the group should break up into smaller groups to discuss the issues. Remember that many people feel more comfortable speaking in a small group rather than a large one. Consequently, smaller groups help ensure that everyone contributes to the discussion. Once the groups have talked the issues over have them present their ideas to the whole group.

(g) Voting - Decide before you begin the consensus process whether you want to allow for the option of voting if no consensus can be reached. If so, be clear about the conditions under which you will use it. Decide on the number of votes you will allow to let a decision pass (i.e. 50% +1, 60%, 75%).

(d) Boards Of Directors And Other Governance Structures

A Board of Directors must be established if a group wished to incorporate as a not-for-profit organization. Unincorporated groups may also establish a Board of Directors if they feel a need for a formal organizational structure, in which certain members take on a governance role. Depending on the nature of the group and the activities they plan to take on, there are other governance structures that may be more appropriate than a Board of Directors. It may be that a committee, appointed or elected by the members, would be an effective governance body. If the group is just getting started, it may be useful to establish a Steering Committee, made up of members with the necessary skills and experience to guide the group through its initial development stage. If the primary activity of the group is one major project, perhaps a Management Committee would be appropriate. If there are a number of working committees or activities being undertaken by members, another type of governing committee to consider is a Co-ordinating Committee. Perhaps the committee will have a combination of functions, such as a Planning And Co-ordinating Committee. Regardless of the type of governance structure the group decides to put in place, it is important that Terms of Reference are established so that it is clear what duties, responsibilities and scope of authority the members expect of the committee.

A sample Terms of Reference for a Co-ordinating Committee is provided in Appendix 2.

Key Governance Roles

Generally, there are four key roles involved in the governance of an organization:

1. **Trusteeship** - ensuring that all financial matters are handled properly and that all legal requirements are met.
2. **Policy** - defining what the group will do, establishing broad directions and limitations as to how it will achieve its objectives, how the group will conduct its business and how it will relate to other important bodies (e.g., staff, sponsors).
3. **Planning** - strategic planning for the long term direction and sustainability of the group.

4. **Evaluation** - ensuring that the group is operating effectively, its activities are running smoothly and the desired outcomes are achieved.

It is up to the group to collectively decide how it is going to be governed, and to set its own expectations of its governing body. The following information is geared to Boards of Directors, as they have legal requirements and common practices. Much of the information can also be applied to other governance structures as well, should the group choose to do so.

Duties of a Director

Directors are placed in a position of trust by the members, and are obligated to act in the best interests of the organization. They are expected to carry out their work with the following in mind:

- **Honesty** - disclose the whole truth, avoid fraudulent or misleading transactions, no misappropriation of funds or property, no improper loans.
- **Good Faith** - always have the best interest of the organization in mind and do not exceed the limits of your authority.
- **Loyalty** - must put the interest of the organization above personal interests.
- **Conflict of Interest** - there are several ways that conflicts of interest can arise; e.g., if a Director uses his/her role as Director to negotiate a contract that benefits the Director financially, but is not a fair deal for the organization. Another is if the Director serves on two different boards which have a financial relationship or are in competition. It is also possible for conflicts of interest not to involve financial gain, but political or social advantages. Conflicts of interest must be disclosed, and the Director must not participate in any discussion of matters that relate to that conflict.



- **Duty of Care** - Directors take care to perform their duties conscientiously, in keeping with their level of skill, knowledge and authority. The standard test of care is what a "reasonably prudent person" would do under the same circumstances.
- **Duty of Diligence** - Directors must become acquainted with all aspects of the organization including the business that is transacted, policies and the delegation of responsibilities. They must attend board meetings regularly and read the materials provided. If an illegal act is planned at a Board meeting, an absent Director may be found liable because (s)he failed to attend and dissuade the other Board members; those that are in attendance may be found liable unless they immediately voiced their dissent.
- **Duty of Skill** - Directors must use whatever level of skills they possess to safeguard the interests of the organization.
- **Duty of Prudence** - Directors must be practical and cautious, exercising sound judgement.
- **Duty of Continuance** - A director cannot avoid liability by resigning; he or she is responsible for acts committed or neglected while in office. (London Community Resource Centre, 1996)

Board Structure

The organization's constitution or bylaws generally state how many board members there will be, the procedures by which they are elected and terminated, and the executive offices.

Usually there are four executive positions on a Board of Directors:

The President

- provides leadership
- facilitates the work of the Board
- oversees general operations
- authorized signing officer for cheques and contracts
- calls and usually chairs meetings (some groups rotate the task of chairing meetings)
- ensures adequate information is provided to Board members
- encourages and facilitates the participation of all Board members
- ensures accepted rules of order are followed.
- ex-officio member of all committees (ex-officio means "by virtue of office or official position")

The Vice-President

- carries out the duties of the President in his or her absence or disability
- may be assigned other duties by the Board
- authorized signing officer

The Treasurer

- responsible for the management of the organization's finances
- reports on the financial status of the organization to the Board
- ensures other financial reports are submitted as required
- authorized signing officer

The Secretary

- responsible for the preparation and maintenance of the official documents of the organization, including the Board minutes
- custodian of the corporate seal (if the organization has one)

Past President

- ex-officio member of the Board
- provides assistance to the incoming Chair as needed

Committees of the Board

All committees should have written terms of reference that state their purpose, objectives, scope of authority, responsibilities, activities, reporting relationships and membership composition. They report directly to the Board, but may involve staff or other volunteers in addition to Board members. Committees that are common to many Board of Directors are:

- **Executive Committee** - consists of the Executive Officers of the Board, as listed above
- **Nominations Committee** - prepares the slate of nominations for Board positions, to be presented for election at the Annual General Meeting
- **Standing Committees** - long term committees that carry out specific functions; common ones are personnel, fundraising and communications
- **Ad Hoc Committees** - short-term committees that are formed to carry out specific tasks, then disband; e.g. to develop a new brochure or to relocate the office.

Policy

It is the job of the Board to develop policy for the organization. This is a true leadership function, and one that the Board should embrace. These policies should be broad in scope and therefore reduce the need to deal with many single items and issues. Policies should be separate from procedures. In organizations with paid staff, the Board is responsible for governing (policies), not managing (procedures). In organizations that do not have staff, it is still important to distinguish between Board (governance) activities and operational and management tasks carried out by volunteers. They may in fact be the very same individuals, but their role is very different. The Board should never allow itself to become a "rubber stamp" for documents initiated and prepared by staff or by one or two Board members; this is an abdication of their duty. In his book "Boards that Make A Difference" Carver describes five types of policies:

- **Ends:** Policies that focus on the ends to be achieved are important for ensuring that the organization produces results that are effective and economically justifiable.
- **Means:** These policies focus on "how" the results are to be achieved; they set limits on the types of activities to be undertaken based on the values espoused by the Board.
- **Board-Staff:** In organizations with paid staff, policies are required to establish the relationship between the Board and staff and to ensure the staff act in ways that are prudent, ethical and effective.
- **Governance Process:** The Board needs to set policies regarding how it conducts its business, how decisions are made and how to organize itself to be effective in its governance and leadership roles.

Carver identifies seven characteristics of effective policies:

- explicit
- literal
- brief
- current
- readily available
- comprehensive
- move from large to smaller policy issues.

(e) Liability

Board members are responsible for the well-being of the organization. If the organization has financial losses, or is implicated in criminal activities or unethical conduct, the Board of Directors is accountable. Claiming ignorance is not an acceptable excuse. Board members are legally obligated to use prudent judgement in their dealings with organizational matters, just as they would with their own personal matters. If you are elected or appointed to a Board of Directors, you as an individual are potentially liable for any errors, wrong-doing or negligence of the Board. If you are on the Board as a representative of another organization, you may have some protection from liability from the organization you represent, if they are insured for this type of occurrence, but you should check whether this is the case or not.

There are many areas that could potentially put Board members in a position of liability for error or wrong-doing:

- **purchases** - If you are purchasing an item for the organization, ensure that you have clear authority to do so, and that the amount you are authorized to spend has been stated. If you make a decision on your own to purchase something for the organization, the organization is not obligated to reimburse you.
- **contracts** - It is very important that if you sign a contract on behalf of the organization that it is clear that it is the organization that holds the contract, not you as an individual.
- **criminal acts** - Board members can be found guilty as individuals for criminal acts, for example, using organizational funds for personal use. If an organization is found guilty of a criminal act, such as fraud, any Board members that allowed or were aware of the act, would probably also be held liable as individuals.
- **legislation** - Organizations must meet all applicable acts, statutes and associated regulations. If the organization is incorporated under the Ontario Corporations Act - Part III: Corporations without Share Capital (i.e., not-for-profit), Board members should review the Act from time to time, as it lays out the basic requirements for bookkeeping, meeting procedures and documents to be filed with the provincial government.

- **income tax** - As a not-for-profit, the organization will be exempt from income tax, but information must be filed with the federal government annually regarding the source and expenditures of funds.
 - **personnel** - Board members are ultimately responsible for the financial and management practices relating to any staff employed by the organization. For example, if an organization declares bankruptcy, the Board of Directors is liable for wages and vacation pay for staff, for a specified period of time. All applicable payroll deductions must also be paid. Other areas of liability may occur as a result of employee dismissal or human rights violations.
 - **scope of authority** - Boards of Directors can fall into danger if they exceed their scope of authority, either as an organization, which might happen if they take on activities that are not identified in their Letters Patent, Constitution or By-Law, or as individuals, if they act in the name of the organization but without being granted that authority by the Board.
 - **trustee or agent** - If a Board or Board member holds funds or property on behalf of another individual or organization, or are authorized to act on behalf of another, they must exercise the highest standard of care in their role as trustee or agent.
- **claims**, but the D&O policy provides coverage for claims that result from financial and management practices.
 - **Disclosure** - Board members have a responsibility to both declare conflicts of interest and raise questions about others' activities if there is a reason to suspect that they may have a conflict.
 - **Membership Ratification** - There are some items that are required to be approved by the members of the organization, e.g., annual financial statements, the appointment of the auditor, the election of the Board of Directors, and changes to the by-laws. The Board may ask for particular acts or decisions to be ratified by the members, as a means of showing that they were acting in good faith and made the same decisions as a majority of the members would have in the same circumstance. Some organizations ask for a resolution from the members at the Annual General Meeting to approve the decisions that the Board of Directors made on their behalf over the course of the preceding year.

Given the potential for personal liability, potential Board members should carefully consider the scope of activity of the organization, its management and ethical practices, and the extent of protection provided to Board members. There are several measures that can be incorporated into the organization to limit the liability of the Board.

- **Indemnification** - Usually there is a clause in the organization's by-law that states that Board members will be indemnified (i.e. be compensated for) any personal losses that result from carrying out the duties and responsibilities of a Board member in a proper and reasonable manner.
 - **Insurance** - The way that the Board ensures it has the ability to indemnify Board members from personal loss is to take out a Directors and Officers Errors and Omissions Policy. The organization should also have a general liability insurance policy, which covers loss or damage to the property of the organization and personal injury
- Here are some tips for you as a Board member to help avoid liability:
- Attend all Board meetings: if you must miss one, ensure that you read the minutes before the next Board meeting.
 - Read all the minutes of meetings and ensure they are accurate and that any errors in one set of minutes are recorded in the minutes of the following meeting.
 - Insist that the minutes contain any disclosures that were made and the result of any recorded votes are stated.
 - Read all the background materials that relate to items on which you will be voting.
 - Review the constitution and bylaw and raise any questions of conflict with proposed acts.
 - Ensure appropriate management and internal controls are in place.
 - Monitor expenditures and, for charities, the issuance of charitable receipts (make sure they are not inflated and are issued in accordance with federal regulations).
 - Ensure that committees of the board report to the board and do not exceed their authority.

- Ensure that the auditor meets the qualifications stated in the Corporations Act and the organization's by-law. Review both the audited statements and the auditors' letter to the board which may contain statements of concerns and important recommendations.
- Keep your own notes at meetings. It may be important at a later date to be able to show that a course of action was considered and rejected, or it may indicate your understanding of the situation at the time.
- Keep all minutes and important documents in a binder or folder for easy access when needed.
- Insist on obtaining a legal opinion when you feel there is a question of the legality of a proposed act; and on other professional opinions if you feel it is necessary.
- Insist on a recorded vote if you think the matter could result in a future claim of error or wrongdoing.
- Vote against any proposed expenditure or commitment that the organization may not be able to meet.
- Resign from the board if you feel that it is not acting in a responsible manner and in keeping with the wishes of its members.

(f) Financial Management

Sound financial management is essential for any organization that has funds to manage. Below are steps to follow and points to consider as you begin your financial planning.

Budget

Before you obtain any sizeable amount of funding, it is important to create a budget that itemizes all your anticipated revenues and expenditures. The budget should reflect the goals and priorities of the organization. As you estimate the costs of the activities involved in your project remember to think ahead to your future activities and what they will cost. Spend the time to research actual costs and, if you are operating an office, projected increases in rent and utilities. As you think through all the items, identify which are the most essential. If you had to cut back, what could you change or omit that would

have the least detrimental effect on the organization's activities? If you receive funds from a number of different sources for different projects, it is wise to show them separately in your budget and reports, along with consolidated versions that combine them together. Budgets are not written in stone; as your circumstances change; e.g. you receive a new grant to operate a new project, you should update your budget accordingly (e.g., when you receive a new grant to operate a new project). A sample budget is shown in Appendix 2.

The Board of Directors or, if there is no board, the members, approves the budget and any subsequent revisions. Financial reports should contain both the budgeted amount for each item and the actual amount spent. Directors should carefully compare these two figures and request explanations for any significant variations.

Who's involved in financial management?

- Treasurer:** Your group should designate a treasurer to monitor and record all financial transactions. Accurate records are essential, so if you don't have someone in your organization that is skilled in bookkeeping, you may need to hire someone who is. The Treasurer must still oversee the finances and check the work of the book-keeper.
- Signing officers:** Your group should have at least two signing officers to sign cheques. Some groups select up to four officers in case one or two of the other officers cannot be reached or are not available.
- Board members and/or group members:** Almost everyone in the group is involved in financial management at some level. The group makes collective decisions regarding project planning and financial matters. Also, everyone must be responsible for the money they spend. Keep all receipts and financial transactions so that the Treasurer can keep precise records.
- Auditor:** Have your books audited annually to make sure your records are accurate. The auditor is someone who is not involved in the group's financial matters on a regular basis and is usually, although not necessarily, a chartered accountant.

Financial Record-Keeping

The most important task involved in financial management is keeping accurate records of every financial transaction. Records must be kept in order for the group to fulfill their role as stewards of the group's assets, which is especially important if other people's money is involved; e.g., from grants or donors. Attention to the financial status of the organization will help the group to ensure that their goals are being met effectively. Accurate and comprehensive reports are also needed to provide credibility with funders and the general public.

Below is a list of steps that the treasurer and group members should follow to make sure that every financial move is chronicled.

- Separate the financial duties among two or more people to reduce the opportunities for fraud; e.g., the person who receives money should not be the same person that deposits it into the bank; the person that does the bank deposit should not be the same as the one that receives the bank statement; the person requesting a payment be made should not be the same as the person who signs the cheque.
- Open a chequing account (ask if the financial institution waives the bank fees for non-profits), for which a monthly statement is issued.
- Make all payments by cheque, except perhaps small ones that can be handled through a petty cash system.
- Signatures of two authorized signing officers should be required on each cheque.
- Deposit money as soon as you get it.
- Inform the treasurer of any financial transactions in which any group member is involved.
- Any unbudgeted expenses must be approved by the board.
- The treasurer should keep proper books of account, either manually or using a computerized accounting program.
- Provide documentation for every financial transaction (i.e. invoices, receipts, cheque stubs, etc.).
- The Treasurer reports on the financial status of the group at all its regular meetings; the report is included in the minutes of the meeting.
- Track and report all expenses, revenues and the net profit of each special event.
- Record the GST paid on supplies and services as non-profit organizations are eligible for a refund of a portion of the GST paid.

In addition to large financial transactions, your group will inevitably have to make small purchases. On these occasions you may prefer using petty cash rather than writing a cheque. For transactions involving petty cash, use the following steps:

- Determine the cost above which you will use cheques to pay for items and below which you will only use cash (e.g., many groups choose to use petty cash for items at or below \$20).
- Write a cheque, payable to the Treasurer or whomever (s)he appoints, for the amount of money you want to keep in the petty cash box..
- Keep the cash in a locked petty cash box to which the Treasurer (and/or whoever (s)he appoints) has the key.
- Keep a separate journal for petty cash transactions.
- Keep all receipts.
- When petty cash is low, add up receipts; a cheque in this amount will be written, cashed and placed in the petty cash box. The receipts must be kept and the petty cash journal entries recorded in the organization's books of account.
- The money in the petty cash plus the total of the receipts should equal the original amount of the fund.

Financial Reports

There are two main types of financial reports that the group should review on a monthly basis:

- a) Income and Expenses Report** (also known as a Profit and Loss Statement)
- Report the revenues from each source and the expenditures for each budget item for a specified time period, usually one month, plus a comparison with the budgeted amount for the year up to the end of that month, and the budget for the whole year.
 - Revenues include deposits, donation of goods and services and bartered revenues.
 - Revenues and expenditures can be shown either on a cash basis; i.e. the actual amount received or spent during that time period, or on an accrual basis; i.e. revenues are distributed evenly across the months in which they are to be spent; lump sum annual expenditures such as insurance are spread evenly across the months covered by the insurance policy.

If there are several projects with separate budgets, separate income and expense reports should be prepared for each project, plus a consolidated report for the whole organization. A sample consolidated Income and Expenses Report is shown in Appendix 2.

b) Balance Sheet - The balance sheet is a "snapshot" picture of the financial status of the organization on one particular day, usually the last day of the month. It includes the following items:

- Assets - cash in bank, petty cash, prepaid items, accounts receivable (money that is owed to the organization), pre-paid expenses, and capital assets such as vehicles, furnishings, equipment and goods for sale.
- Liabilities - money that is owed by the organization to others.
- Equity - equals assets minus liabilities; divided into various funds. A reserve fund may be established that is only to be used for emergency or winding down the organization. A designated fund may be set aside for a particular purpose, e.g., to purchase a computer. Retained earnings are the surplus from the previous year, and net income is the surplus so far this year.

A sample balance sheet is shown in Appendix 2.

Cash Flow Statement

This is a management tool that provides a month-by-month projection of the cash requirements of the organization. As the year progresses, replace the monthly projections with the actual revenues and expenditures for the months, and revise projections as necessary to ensure they are as realistic as possible. By keeping track of all the inflows and outflows and projecting as accurately as possible, you will be able to identify impending problems and solve them before they become critical.

Fraud and Theft Prevention

Unfortunately, some volunteers steal from their organizations. The following suggestions for avoiding fraud and theft have been taken from a tip sheet put out by the Major Fraud Unit of the Durham Regional Police, called "Is Your Treasurer Stealing? Crime Prevention Tips for Not-for-Profit Organizations".

In investigating missing funds and account irregularities, Fraud Squad detectives have sometimes found that their investigations have been hampered by the absence of clear accounting records. When there is no clear process for recording transactions and regular procedures for balancing the books, there is a temptation to not account for all transactions or to divert funds.

The basic accounting system can be computer based, or hand-written on readily available accounting forms. The system should be as simple as possible, so that the books can be understood by all board members and can be passed from one treasurer to the other as duties change.

Watch for these signs that could indicate a problem with theft or fraud:

- only one person is in charge of the money in your organization
- your organization is in worse financial shape than last year, although your income and expenses haven't changed a lot
- your organization can't pay its bills, or is faced with cash shortages that have never happened before
- your treasurer can't explain your poor financial position
- your treasurer refuses to let anyone else look at, or work on the books
- other members are asked to sign blank cheques, or blank lottery license reports
- your treasurer says that (s)he can't explain the group's poor financial condition, or says "don't worry, we're in great shape!"
- cash deposits are being received late at the bank, or the deposits are smaller or larger than they should be.

Tips for Controlling Your Finances:

- Have job descriptions and spending limits for your decision-makers.
- A budget should be struck at the start of the year or project.
- Pay for everything by cheque and avoid using cash. If you absolutely need a petty cash fund, keep it small and set a dollar limit for cash payments (e.g. nothing over \$10.00). Get receipts for everything and account for all expenditures properly in your books of account.
- Two authorized signing officers should sign each cheque.
- Never sign blank cheques or other documents.
- Limit the number of persons allowed to accept payments.
- Take cheques instead of cash whenever possible.
- Use multi-part receipts.
- Separate the duties: the person receiving cash should not deposit it, and the person reconciling the bank account shouldn't sign the cheques.
- Whenever possible, write a cheque to the supplier, rather than reimburse a member who has incurred an expense.
- Each time money changes hands, record the amount and have the recipient sign for the money.

It is your responsibility to seek advice if you are unsure of the adequacy of your bookkeeping systems. It is better to be safe than sorry!

