

GOVERNANCE MATTERS

Good Governance is key to Organizational Success



Promoting Excellence in Corporate Governance,
Risk Management and Operational Effectiveness

Background

So what does a Board of Directors do? To a certain extent the answer to this question is – it depends. The role of the Board of Directors needs to reflect the organization – its mandate, its accountabilities, its stakeholders, and its strategies. As each organization is unique, there will be some unique aspects of each Board. There are also different styles by which Boards operate and one of the most common now is what we refer to as a policy style Board by which the Board governs and management manages the organization.

The Role of the Board of Directors

Generally we characterize the Board as the steward of the organization. The Board is accountable to the organization and has the authority and obligation to protect and enhance the assets (tangible, intangible) of the organization in the interest of the stakeholders.

The Board needs to recognize the two primary roles in which it should be operating – the strategic role with its focus being on the long term success of the organization; and the oversight role with its focus on overseeing operations and holding the CEO accountable for the safety and soundness of the organization.

The Board's Duties

The Board's duties primarily fall within five main areas of responsibilities:

1. Adoption and monitoring of strategic and business planning processes and plans;
2. Appointing, monitoring and compensating executive management;
3. Overseeing management of enterprise risk;
4. Upholding integrity of the organization, its system of internal controls and information;
5. Establishing and maintaining effective governance practices.

It is important that the Board be structured and governance practices are in place to enable it to fulfill these duties. It is critical that the Board of Directors operates effectively as a team – this means having a team of Directors who are in agreement on the Board's mandate, focus, style of governance, processes, and goals. It also means having a Board which has the competency achieved through the collective of Directors to fulfill the strenuous role which the Board has.

Booker & Associates has worked with numerous Boards of Directors in various sectors across Canada to assist them in structuring and developing processes and constructing a positive relationship between the Board and the CEO to create an exponential value greater than the sum of the individual Directors.

Moving Forward

Our experience in governance and with Boards of Directors has been gained over a twenty year career. Booker has seen Boards move to a level of good governance through the deployment of various techniques:

- A facilitated workshop with the Directors to build the team by developing a common understanding of the role of the Board and the manner by which it will fulfill the role
- An objective review of the existing governance practices and identification of the means by which the governance practices can be evolved to affect an improvement in the Board's team performance
- Development of new terms of reference for Boards, Board Committees, CEOs and education of Directors and CEOs on these
- Implementation of a governance level suite of policies rather than the Board approving management level policies
- Facilitated performance reviews for the Board, for Directors, for the CEO
- Focused training for Audit Committees and Governance Committees
- A governance coach for a six to twelve month period.

Board Effectiveness

The effectiveness of the Board of Directors is an important contributor to organizational effectiveness and long term success. The Board will be held accountable by the stakeholders therefore the Board must be, and must be seen to be, doing the right things for the long term benefit of the organization.

Summary

A Board which is structured and operating effectively for the purpose of the organization will provide for organizational success; an ineffective Board will cause the organization to fail.

Booker & Associates promotes excellence in Corporate Governance, Risk Management and Operational Effectiveness. Since 2004, we have worked with organizations across Canada to provide solutions that lead to substantial results.

Booker & Associates provides services to support Boards in exercising good governance including governance education programs, governance coaching, Board and Director evaluation processes, governance policy writing, and strategic planning facilitation. We provide training on Enterprise Risk Management, facilitate risk workshops, and assist organizations in building risk frameworks, accountabilities, and measurements.

Visit our website at www.BookerandAssociates.com