

BAY COMMENT

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Who loses when governance fails?

SISO has imploded. Toronto Community Housing is focused on the wrong things. SPCA lost donors and trust. The Toronto Zoo Foundation refused to give grants to the Toronto Zoo. Enron's – big bankruptcy stripped millions from pension funds. These are all examples of failures at the governance level.

So who really loses when governance fails? Those who are least able to deal with the consequences - the employees, and those who depend on the services of the organizations.

How would you like to have been an employee of SISO? Reading in the local newspaper on a daily basis of the issues and the lack of confidence in the organization by the government funding agency. Or the employees and retirees of Enron finding out that the pension which they were relying disappeared while the executives walked away with



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millions through generous bonuses and stock options.

What about the tenants of Toronto Community Housing. People who need a new fridge for their home to find out that money had been wasted on lavish Christmas parties. What about the new Canadians who depended on SISO to assist them in settling in Hamilton? Are they able to withstand the interruption in their lives?

And what about the donors and members of these organizations?

Donors to the SPCA or the Toronto Zoo that were giving of themselves to provide for vulnerable animals that needed a proper environment. Were their expectations met? Were promises fulfilled?

Each of these organizations were being guided and supervised by a Board of Directors. So what were the Board members of these organizations thinking? Did they not understand that their responsibility is to provide for a healthy, responsible, trustworthy organization? Healthy organizations are here to serve for a long time. Responsible organizations meet the needs of those who are dependent on them. Trustworthy organizations fulfill the promises made to funders and donors from whom they receive money.

How could the Board members

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not know of the severity of the issues? Were they not asking the right questions? Could they not sort through the information to determine what level of risk the organizations were at? Were they blind to the truth? Did they not want to see the reality?

We teach Boards to find answers to some key questions. Are customers/service recipients receiving what they need? Are funders satisfied with the performance of the organization? Are employees provided with a safe and healthy workplace (mental as well as physical safety)? Are there financial reserves to provide for stability in the event there are funding hiccups? And importantly is the Board receiving answers to these questions from sources other than just the Executive Director?

Boards need to gain assurance that the organization is healthy and adequately providing for those who depend on it. This means receiving information from more than one source. There should be a relationship between the Chair of the Board and a senior person at the funders. Surveys of service recipients should be conducted by an independent source

and reviewed by the Board. Boards need to watch for trends that indicate issues may be developing. Surveys of employees need to be conducted in a manner where employees can be honest in their feedback and have trust in the confidentiality of the process. Boards need to watch trends of employee turnover, sick leave, and grievances. A protected reporting mechanism is needed for people to report poor practices in service delivery, labour relations, purchasing, and financial matters. The Executive Director's performance review should include 360 degree feedback so the managers can provide comments on the leadership provided.

Being a Board member is not an easy job. Yet few people who take on the role take time to learn what the responsibility includes and how to perform it at the level required to offset the jeopardy at which it puts others. Good governance is not something that happens by chance. Good governance results in a healthy organization which serves its dependents for many years.

Only Boards with quality, educated, and engaged members can produce good governance. How's you Board these days?

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