



Appendix 6

Leadership Focused Governance

An Adopted Approach to Effective Board Governance



Leadership Focused Governance

The CPB Canada Board of Directors follows a Leadership Focused Governance (LFG) approach to governing that provides it with a governing, decision-making and policy framework for leading, guiding, controlling, and overseeing the organization's performance.

Like *governance best practices* in other organizations that employ professional staff, the Board's involvement with the management and operations of CPB Canada is achieved through the following:

- Providing on-going leadership and direction that defines CPB Canada's Mission, Vision and Strategic Priorities.
- Continuously identifying, exploring, and discussing opportunities and challenges that could shape the direction of CPB Canada.
- Addressing and making leadership and directional decisions on material issues and concerns affecting the interests of CPB Canada and its members.
- Leadership in discussion and partnership with the CEO.
- Establishing the standards of organizational conduct and policy that the CEO and staff will employ in operating CPB Canada and achieving the Board's stated Mission, Vision and Strategic Priorities.
- Overseeing and monitoring organizational performance.
- Delegate the power and authority to the CEO to manage and operate CPB Canada.

Leadership Focused Governance -The Partnership Approach to Governing

The partnership approach to governing views governance (the combined roles of governing and managing) as a collaboration or partnership between the board of Directors and the CEO. Together they provide CPB Canada with the essential structural and process dynamics it requires to; organize, guide, and facilitate the pursuit and fulfillment of its Mission.

The LFG approach to governing is based on the foundation that a major purpose and role of the Board and the CEO is to provide leadership to CPB Canada. For the Board,



this leadership purpose is about 'steering' not 'rowing' and is articulated through setting the direction for CPB Canada and determining what the organization should seek to accomplish.

It does this by establishing standards of organizational conduct and policy that guide and direct the work of the Board and the CEO; overseeing the performance of CPB Canada's work; protecting the best interests of the organization and its members; ensuring financial viability; and being knowledgeable about its stakeholders and their expectations and interests.

For the CEO, this leadership approach is about 'steering' AND 'rowing' and staff look to the CEO as the leader and manager. They seek the CEO's leadership in driving innovation, exploring new strategies, and building relationships with stakeholders.

The CEO brings to the Board considerable talent, experience, insight, and knowledge about the work of CPB Canada, along with valuable insight and information about what is occurring in the operating environment.

Fulfilling the leadership purpose requires the Board and the CEO to recognize that the role of providing leadership and direction to CPB Canada is one that they share and where they need to be collaborators and partners.

Leadership Focused Governance does not support the involvement of the Board in the 'direct management' of the organization. Board member time, energy and talent is directed to providing guidance and direction that articulates the Mission, Vision and Strategic Priorities for CPB Canada, while focusing on matters that will have a material impact related to CPB Canada fulfilling its mandate. In addition, the Board has a responsibility to be 'future focused' and should devote the appropriate time and energy to issues that may impact the organization's future.

At a practical level, this means that the Board of Directors does not spend time reviewing and discussing management, administrative or operational matters. Board meetings are devoted to addressing issues that require governance level decisions and positions rather than operational level policies or actions.

The LFG governance approach consists of a framework made up of six elements that are outlined in the following chart. These are the basis of the Board's on-going work.



Governing Principles Six Elements of Governing

Elements of Governing	Responsibilities	Board Role & Authority
1. Guidance & Direction	Mission, vision, strategic goals	Develop in collaboration with Chief Executive & managers (Board makes final decisions).
	Shaping the future of the organization	In partnership with the Chief Executive devote time to thinking about & discussing possible futures for the organization.
	Core Values	Establish the 'core values' for the organization.
	Governing Principles	Establish the principles that guide how the Board will govern.
	Key issues decision-making	On an on-going basis identify and address issues that are likely to have a material impact on the organization or those it exists to serve.
	Review of strategies to achieve the vision and strategic goals	Review, with the Chief Executive, the strategies to ensure alignment with core values, risk assessment, financial viability, and likelihood of achieving the vision and strategic goals.

2. Standards of Organizational conduct	Conditions & constraints on how the work of the organization is carried out	Board identifies the conditions & constraints and establishes governance policies to address them.
	Code of Ethics	Board and Chief Executive develop the code of ethics to be followed by everyone in the organization.
	Code of Conduct	Developed by the Board to be signed and followed by its Directors.
3. Organizational oversight	Overseeing the affairs of the organization	Board establishes & implements practices that enable it to maintain general oversight of the management, administration, and operations of the organization.
		Board monitors the Chief Executive's performance regarding achievement of results, compliance with policies, regulations, laws, and other expectations established by the Board.

4. Protect the interests of the organization	Recruit, hire, monitor, compensate, evaluate, and terminate employment of the Chief Executive	The Board has full power to carry out these responsibilities.
	Risk management practices	Board should engage in risk management practices when reviewing Chief Executive strategies and when making major decisions affecting the organization and those it serves.
	Succession planning	Board has the responsibility to ensure that a succession plan exists for the Chief Executive; that it has an effective 'new Board member' recruitment and nominations plan; and, that its succession plan for Board leadership ensures high standards of leadership.
	Environmental scanning	In collaboration with the Chief Executive the Board should be regularly scanning the environment in which the organization operates to identify changes, threats, opportunities that might affect its operating assumptions.
	Board – Chief Executive partnership	Board is responsible for ensuring a partnership agreement is in place and Chief Executive performance is evaluated annually.
	Accountability	Board is responsible for documenting and reporting on its performance to its stakeholders on an annual basis (this involves

		more than just a financial audit).
	Assessing Board performance	The Board should assess its own performance at least annually.

5. Ensure financial health & sustainability	Annual operating & capital budgets	Board is responsible for ensuring that budgets comply with policies. Board has authority to approve or reject the budget.
		Board must ensure that budgets meet operational requirements and strategic goal requirements.
	Long term financial plan	Board must ensure that a long-term financial plan exists and is kept updated.
	Financial statements, internal controls, financial information systems	Board has responsibility to ensure the integrity of financial statements and require that the Chief Executive implement suitable internal controls and financial information systems.

6. Knowledge of & relationship with stakeholders	Communication plan	Board & Chief Executive collaborate to develop & implement a plan for enabling both to communicate with stakeholders on a regular basis (includes seeking feedback and input on issues of importance to stakeholders).
		Board & Chief Executive collaborate to develop & implement a plan for enabling both to have opportunities to interact with stakeholders throughout the year.



Leading, Guiding and Directing

The major tools employed by the Board of Directors when using the Leadership Focused Governance (LFG) model are:

- Setting the Vision and Strategic Priorities.
- The development of governance policy
- Monitoring CEO performance

The Vision and Strategic Priorities tell the staff what the Board wants CPB Canada to accomplish. The policies, especially those within the standards of organizational conduct, give guidance to empowering the staff in operating CPB Canada. Monitoring provides the Board with the information to determine the extent to which the Vision and Strategic Priorities are being accomplished and the appropriate conduct is being followed.

There are several additional ways for the Board to lead, guide and direct CPB Canada and its staff.

These include:

- Ensuring it has and follows processes and practices for implementing the Six Elements of Governing.
- Conduct an annual or semi-annual environmental scan to keep the board informed of new issues, concerns, developments, or opportunities that it might need to address.
- Ensure the Mission, Vision and Strategic Plan is current and relevant.
- Using Board time to address issues and matters of material relevance to CPB Canada, its members and the bookkeeping profession.
- Ensure that its time in Board meetings is future focused. This means that Board agenda item discussions are geared to making policy or decisions that not only address the current issue or situation but also address similar issues or situations in the future.
- Ensure that Board policies address areas of concern to the Board and are relevant and up to date.



- Work collaboratively as a partner with the CEO.
- Committing time in Board meetings to exploring new ideas and ‘future state’ conditions that would, if they could be achieved, effectively resolve, or eliminate issues or concerns that exist at the present time.

Governing Principles

The structure and integrity of Leadership Focused Governance is rooted in a set of coherent governance principles. These principles will guide CPB Canada’s Board of Directors in defining its role, its relationship with staff, and how it will conduct itself as a governing body.

Familiarity with and acceptance of the principles are useful to the Board member, as a tool in learning what is appropriate and acceptable governing behavior for the CPB Canada Board of Directors.

- Organizational governance consists of two necessary and complementary dimensions: Governing and Managing.
- The Board exists to govern on behalf of the membership who have delegated to it the power and authority to act on their behalf and in the best interests of all who make up the organization.
- Organizational governance is the function of teamwork between the Board and the CEO.
- The Primary Purpose and Role of the Board is to govern. Governing consists of the following six elements:
 - Guidance/Direction
 - Standards of Organizational Conduct
 - Providing oversight and monitoring of all organizational performance
 - Protecting the best interests of the organization
 - Ensuring the financial sustainability of the organization
 - Knowledge of Stakeholder expectations, needs, concerns, interests, and wants.
- The Board designates the CEO as its leadership partner and as the person responsible for managing administering and operating the organization. In doing so it delegates to this position the power and authority necessary to execute the relevant duties and responsibilities.



- The power and authority of the Board only exists when it acts. As individuals, Board members, including the Chair, exercise no power or authority in the organization and therefore cannot act or speak for the Board unless specifically delegated to do so by the Board.
- The Chair of the Board has no power or authority to intervene in the management and operation of the organization unless specifically authorized to do so by a resolution of the Board.
- The only decisions or positions of the Board are those made by the Board. This means that the Board speaks as one.
- The position of Board member and the entity known as the Board exist to operate in the best interests of the organization. The organization consists of the persons it was created to serve (members), as well as staff and volunteers.
- The work to be done by the Board is determined by its purpose, which is to govern, and consequently is different than the work to be done by the CEO and staff.
- Board members commit to partnering with each other and the CEO to engage in actions and decisions that contribute to building and maintaining a healthy and effectively functioning Board and organization.
- The Board, the Chair, and the CEO work from the premise that the Chair's primary role and function is to lead and manage the Board and not to direct and supervise the CEO.
- The CEO is the only staff member (a) who is directed by and who reports to the Board; (b) with whom the Board communicates and interacts regarding the management, administration, and operation of the organization; and (c) who the Board holds accountable for organizational performance.
- Annual assessment and evaluation of organizational performance (governing and managing) is a requirement, not an option.
- Managing the work of the Board is the primary responsibility of the Chair.



I hereby agree as a Director of CPB Canada to adhere to the adopted approach of Leadership Focused Governance in my service on the Board of Directors.

Director's Signature:

Date:
