

Aspiring Towards a Culture of Great Governance!

COMPETENCY BASED BOARDS

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Chairman
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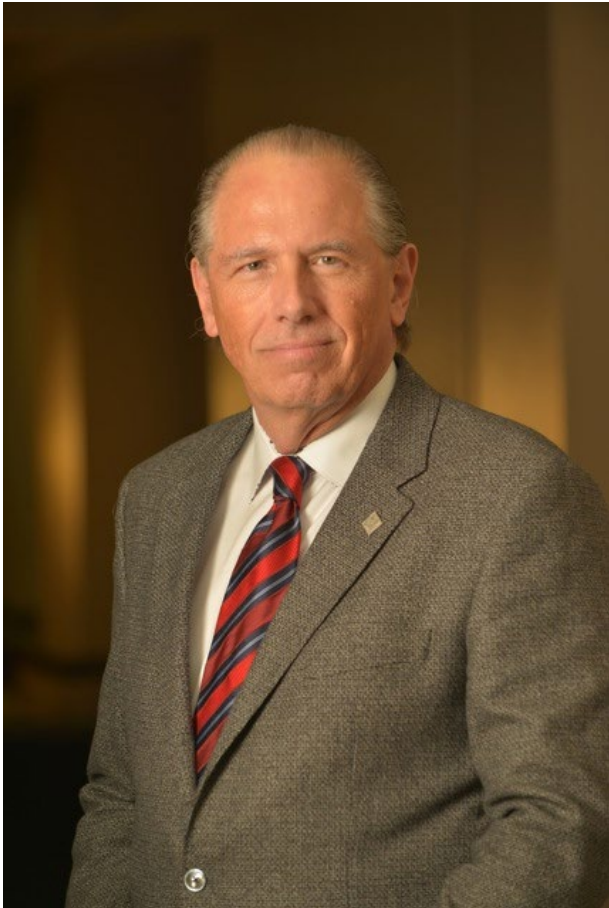
Executive

Caribbean Governance Training Institute
Caribbean Institute of Directors



WHY ME?

Overview Dr. Chris Bart, FCPA, F.CIoD, C.Dir



- I have...
 - worked for many Boards on their organization's governance
 - Helped a variety of Senior Executives on their strategies
 - been on a number of different Boards
 - in both large and small organizations
 - in private, public and volunteer situations
- **Currently....**
 - Chair, Corporate Missions Inc.
 - Taught strategy and governance @ McMaster University for 33 years
 - Written 170+ articles and 6 books
 - Founded **The Directors College**, the Caribbean Governance Training Institute & the Caribbean Institute of Directors

What is Governance ?

What is Governance ?

Governance is . . the system by which an organization is directed and controlled

20 Questions

Directors of Not-for-profit Organizations Should Ask about
Governance

Hugh Lindsay, FCA, CIP

Governance OF Not For Profits

“Fundamentally, governance is governance — there is no substantive difference in good governance between the corporate and not-for-profit sectors. Many not-for-profit organizations have governance practices that equal the best in the corporate sector.

There is more variation in governance within a sector (business or not-for-profit) than there is between sectors. A director of a large public company would probably feel more at home on the board of a large not-for-profit than on the board of a small, start up business.”

What is Governance ?

Governance is . . the system by which an organization is directed and controlled

NB: ONE SIZE DOES NOT FIT ALL

- Agency
- Democratic
- Operational
- Stewardship

Getting “Governance” right is
the Responsibility of the Board



Supreme Court of Canada - 2008 BCE case

The directors are responsible for the governance of the corporation.

**Governance is not, at its core,
about power.**

**It is about finding ways to ensure
that **decisions** are made effectively
and efficiently. i.e. **GREAT**
decisions**

Many Boards Have Unfulfilled Potential



Is your Board satisfied with its recruitment/succession process?

- Yes = 58%
- No = 41%

People are Key

- ☐ **The manner in which boards select and nominate directors represents the greatest opportunity for improvement**

What kind of Board Members do we Want/Need?

- Does Age Matter?
- Ethnicity & Diversity of Stakeholders consistent?
- Do they have the Will (commitment)?
- Do they have the time (prep? missed meetings?)?
- What other (job/board) commitments do they have?
- Are they going to be a Team player?
- Are they Passionate about the organization?
- Do they have the right Skills and Experience?

20 Questions

Directors of Not-for-profit Organizations Should Ask about
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The **underlying principles** for nominating directors are essentially the same for both corporations and not-for-profits. In both cases the nomination process involves:

*** identifying the organization's needs — especially the strategic ones — and matching them to the skills and experience of prospective candidates.**

The Case for Competency Based Boards

**Association Governance:
Traditional vs Competence Based**

Association Governance is Evolving

How to create a Competency Based Board

- Establish required competencies & standards
- Assessment of Board members' competencies
- Determine Gaps
- Selection of Board members
- Learning and Development opportunities

What is a competency?



- Observable behaviours for successful performance
- WHAT board members do ***and*** HOW they do it

Step 1:

Articulate Desired Future Board Member Competencies

Knowledge & Expertise (“hard skill”)

- ☐ “Industry” knowledge – “professional engineers environment”
- ☐ Understanding of the Association’s “business”
- ☐ Governance/management distinction awareness
- ☐ Business/financial knowledge
- ☐ Human resources/organizational development knowledge
- ☐ Change management/innovation and transformation expertise
- ☐ Knowledge of member/customer service process improvement
- ☐ Expertise in public policy

Personal/Professional Experience

- ☐ Experience with other boards
 - board size
 - # of previous boards
 - # of current boards
- ☐ Experience in managing complexity or governing in a complex organization
- ☐ Experience in successfully navigating an organization during a period of rapid change

Personal Attributes (behaviors, “core competencies”)

- ☐ Integrity
- ☐ Analytical thinking vs Strategic thinking
- ☐ Collaborative leadership style;
 - Ability to promote teamwork and build consensus;
 - Appreciation for perspectives of all stakeholders
 - Good listening and communication skills
- ☐ Ability to influence others
- ☐ Ability to hold self and others accountable for achieving goals
- ☐ Interest in continuous learning/curiosity

Select Core Competencies



- Board members identified via survey tool
- Required of all Board profiles
- Survey results communicated to Board



Five core competencies

Example Survey Tool

Summary of Results

Competency	Frequency
Critical Judgment and Decision-Making	73%
Ensuring Accountability	80%
Exemplifying Integrity	80%
Governance and Ethics	93%
Interactive Communication	73%
Leading and Managing Change	67%
Nurturing Innovation	60%
Policy and Standards Design and Development	53%
Risk Management	53%
Strategic Vision and Thinking	87%

15 Participants

Values and Competencies Dictionary

Hiring the right employee can be challenging. Use HRdownloads' Values and Competencies Dictionary as a comprehensive reference guide for hiring high-value employees.

The dictionary will help you:

- > Identify and define organizational values and job-specific competencies
- > Understand key actions and behaviours using examples
- > Identify must-have employee competencies for your next hire

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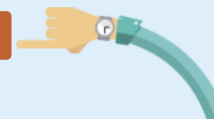
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Board Profile & Competency Matrix Tool

This tool provides a list of critical competencies organized in three major areas. These competencies are intended to balance professional experience, environmental or contextual knowledge and personal attributes and skills.

The competencies listed below are examples that can be used to create an overall board profile for the board, as well as inform the development of a unique competency matrix, recruitment postings and director profiles for specific vacancies. Public agencies are encouraged to tailor the competencies to best suit their needs and accurately reflect the requirements of that board.

Definitions for each of the competencies and the competency matrix tool are included in section 9.1 as part of the recruitment plan.

Competency Area	Critical Competencies	Brief Description
Relevant Professional Experience	<ul style="list-style-type: none">• Governance• Business/Management• Legal/Regulatory• Human Resources• Accounting/Financial• Risk Management• Public Relations/Media	The candidate has professional/volunteer experience that is relevant and valuable to the board of the public agency.
Specialized Environmental Knowledge	<ul style="list-style-type: none">• Government/Public Policy• Community/Stakeholder Relations• Industry/Sector	The candidate has specialized knowledge of the environment or context affecting the board of the public agency.
Personal Effectiveness Skills	<ul style="list-style-type: none">• Leadership/Teamwork• Strategic Thinking/Planning• Critical Thinking/Problem Solving	The candidate has personal skills or attributes of value to the board of the public agency.
Other	Additional competencies may be identified that do not fall within the categories provided above but are essential to the needs of the public agency.	

Governance Experience

- ### Business/Management Experience

- ### Legal/Regulatory Experience

- ### Human Resources Experience

- ### Accounting/Financial Experience

- ### Risk Management Experience

- Public Relations/Media Experience

- The applicant has experience with, or is able to demonstrate knowledge or expertise in, communications, public relations or interacting with the media. This may include knowledge of effective advocacy and public engagement strategies, developing key messages, crisis communications, or social media and viral marketing.

Thinking Strategically

Seeing and synthesizing different sides of an issue, examining the full range of options and outcomes, and building intellectual frameworks to guide analysis and action.

LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
Processes complex information on aspects of an issue	Integrates and interprets broad and complex issues	Identifies and handles strategic issues	Formulates broad strategies on multi-dimensional strategic issues	Manages macro-strategic issues
Recognizes organization's priorities as they relate to own area of work.	Integrates and interprets multi-faceted information from varied sources on a range of complex issues.	Foresees longer-term implications of proposed positions, options and approaches that are not readily apparent.	Develops strategies for dealing with multi-dimensional issues (e.g., multi-lateral, national and global).	Builds intellectual frameworks that provide a shared vision for highly disparate perspectives and that guide the analysis and development of proposals and positions.
Describes the roles of key players who may be affected by the issues or decisions made in own area of work.	Recommends optimal approaches to address critical issues in the immediate and medium-term.	Exercises sound judgment in new situations in the absence of specific guidance.	Conducts ongoing risk analysis, recognizing strategic opportunities for success as well as potential risks.	Looks beyond the horizon to identify new issues and to position the organization to address emerging trends (e.g., capitalizes on trends or takes action before issues escalate).
Describes the relationship of own work to the work of their organization.	Recognizes the need for a modified approach to data/ information gathering/ analysis.	Evaluates emerging opportunities and risks when articulating astute and defensible options and recommendations.	Adjusts strategies to address opportunities as well as potential risks.	
Weights varied factors involving data/information gathering and analysis on specific aspects of an issue, exercising sound judgment.	Articulates the impact of own work on aspects of organizational strategy and the impact of organizational strategy on own work.	Selects new information to share with key stakeholders in order to influence their understanding and decisions.	Maintains a broad, strategic perspective while identifying and focusing on crucial details.	
Formulates explanations that account for several aspects of a situation or event.	Identifies implications of own analysis (e.g., potential impact on certain stakeholders).	Identifies the organizational context and priorities, how they interact and how they affect issues.	Articulates the dynamic relationships, viewpoints and agendas, both acknowledged and implicit, of key players and stakeholders in own areas of expertise.	
Explores viable options based on the analysis of data/information.	Anticipates how others in own and other affected organizations will respond to and use the information/data generated.			

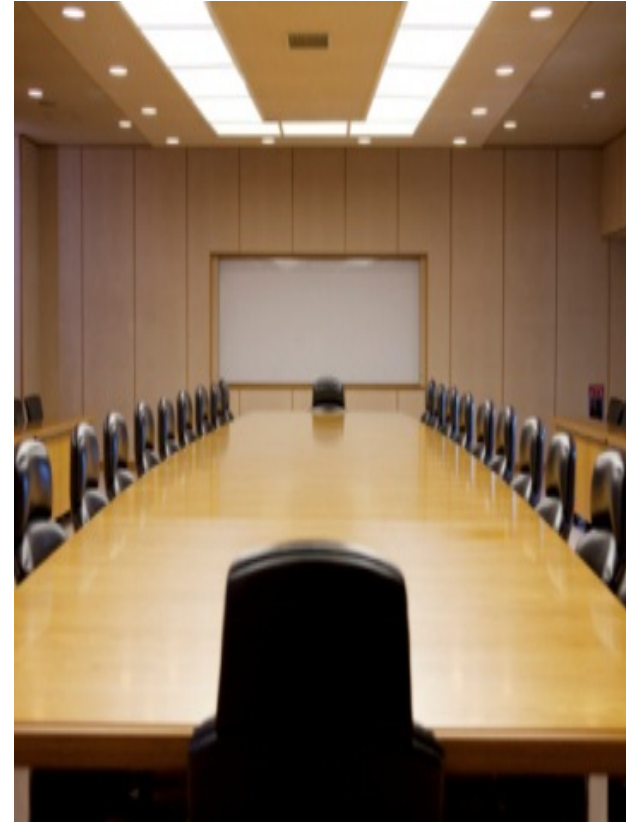
Matrix Existing & Prospects

- What type of Board are we **today**?
- What type of Board do we **need to become**?
- Analyze and Determine the **GAP**.
- Utilize a simple **Matrix**.

“
”Operational
Hands-On”



“”Advisory / Policy
Hands-Off”



Step 2: Identifying the “Competency Gap”

Board Profile & Competency Matrix Template

GENERAL BOARD MEMBER COMPETENCY MATRIX <i>(*Choose as many competencies as applicable)</i>	<Candidate 1>	<Candidate 2>	<Candidate 3>	<Candidate 4>	<Candidate 5>
Relevant Professional Experience					
Governance Experience					
Business/Management Experience					
Legal/Regulatory Experience					
Human Resources Experience					
Accounting/Financial Experience					
Risk Management Experience					
Public Relations/Media Experience					
Specialized Environmental Knowledge					
Government/Public Policy Knowledge					
Community/Stakeholder Relations Knowledge					
Industry/Sector Knowledge					
Personal Effectiveness Skills					
Leadership/Teamwork Skills					
Strategic Thinking/Planning Skills					
Critical Thinking/Problem Solving Skills					
Other					
<Competency 1>					
<Competency 2>					
<Competency 3>					

**To be completed as part of the recruitment plan, as outlined in section 9.1.*

Example of a Matrix (Health Care)

Accounting	A	B	A	I	B	A	I	A	I	I	N
Board and Governance	I	A	A	A	I	I	A	I	A	I	A
Business Management	I	A	A	A	I	I	A	N	A	A	B
Clinical	N	N	N	N	I	N	B	B	B	N	N
Diversity Issues	B	B	B	B	B	I	I	I	I	I	B
Education	I	B	I	B	I	I	A	I	A	A	B
Ethics	I	B	I	I	I	I	I	I	I	I	A
Finance	I	I	A	A	B	A	I	A	I	I	B
Government & Government Relations	N	A	I	I	I	B	I	I	I	A	B
Health Care Administration & Policy	N	N	I	N	I	B	I	B	I	N	N
Human Resources Management	N	I	I	I	I	I	I	B	B	I	N
Information Technology	I	B	A	B	B	I	I	B	N	I	N
Labour Relations	N	N	I	A	I	B	I	I	B	I	I
Legal	N	I	I	B	B	B	I	B	B	I	A

No Skill Level

Basic Skill Level

Intermediate Skill Level

Advanced Skill Level

Board Skill Matrix

STRATEGIC SKILLS	Director 1	Director 2	Director 3	Director 4	Director 5	TOTAL
A	X	X	X			3
B	X	X		X	X	4
C					X	1
D			X			1
E		X		X		2
F		X			X	2
G	X	X		X	X	4
H			X	X	X	3
TOTAL	3	5	3	4	5	

Step 3: CREATING the Desired Competency-Based Board

After competency, then what?

Despite greater clarity about factors that contribute to better board performance, Board members are often appointed:

- * without a clear understanding of the job they are supposed to perform and
- *without receiving any written information about their roles, responsibilities, expectations and accountabilities.

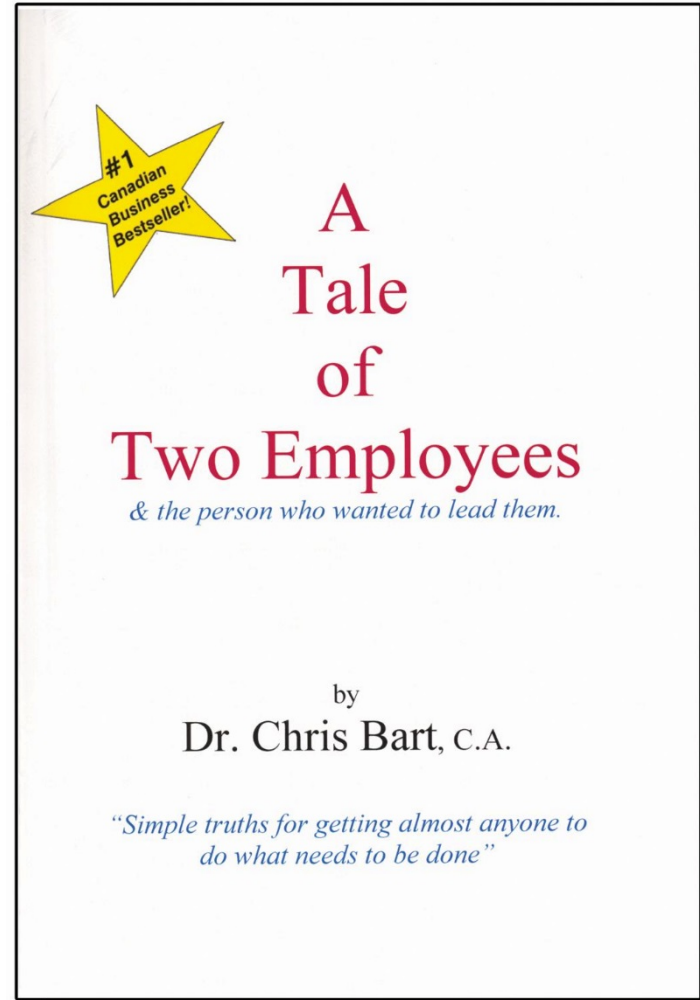
Don't know theory of leadership

- *Why Directors/Boards don't behave the way they are needed or required to act....*
 - **Don't know what to do**
 - **Don't know why they should do it**
 - **Don't know how to do it**
 - **Don't care**
 - No report card/measurement system
 - No reward (that is valued)
 - **Don't get it (recruitment and retention)**

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**Directors need to be very clear about
their:
ROLES, DUTIES & RESPONSIBILITIES**

Jobs that need specification in terms of specific responsibilities

- Board Charter
- Individual Directors
- Board Chair
- President, Vice Presidents
- Committee Charters
 - Audit and Finance
 - Governance
 - Compensation
 - Others? E.g. Executive, Strategic Planning
- Committee Chairs
- CEO

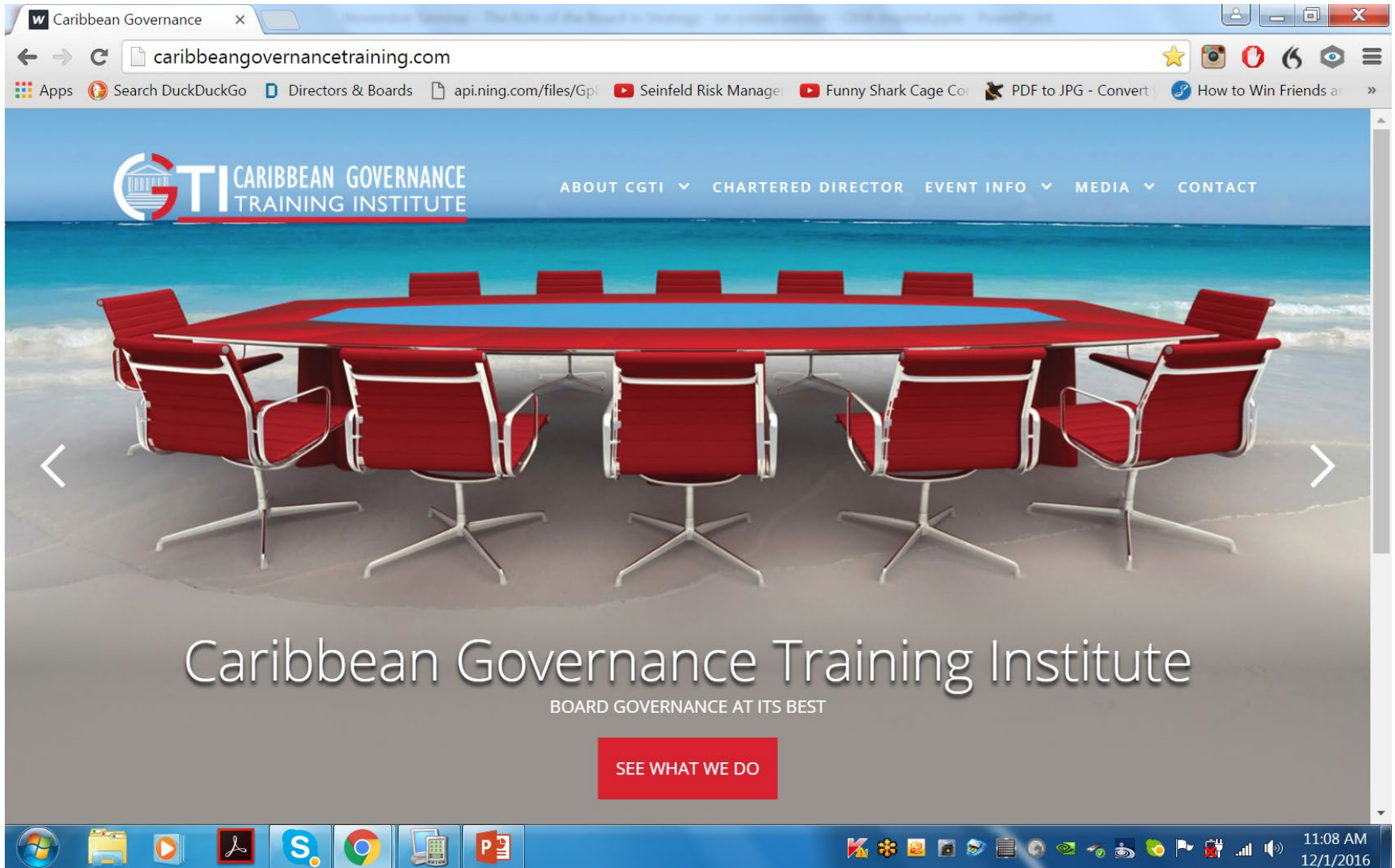
Is there a formal *and comprehensive orientation program* in place for new board members?

Are directors offered/required to participate in periodic education/training to develop their competencies as directors?



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In Conclusion

A final thought...

Thank you. Merci.

Dr. Chris Bart

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The Directors College of Canada

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