



Corporate governance is becoming increasingly more important as well as visible. It applies to both For Profit corporations, those with a commercial purpose, as well as Not for Profit ones. While both are incorporated, subject to law as well as their own policies, commercial corporations have typically more oversight as government agencies are involved, including some regulatory agencies, as well as other stakeholders and shareholders. Commercial corporations have much at stake along with institutional capacity for management and so should have more rigorous corporate governance. However Not For Profit (NFP) corporations are significant in size and scope as a sector and deserve the same rigorous oversight and scrutiny. “Governance is governance” regardless of For Profit or Not For Profit.

Canada has more than 170,000 Not For Profit organizations of which, 85,000 are registered charities. They employ over 2 million workers and another 13 million are volunteers. Some Not For Profit corporations are complex billion dollar organizations – universities, hospitals for example – employing thousands, while others are much smaller in scope, mandate and operations.

Each organization should have a board with overall responsibility for oversight of material matters as well as to provide guidance. That board responsibility and accountability is defined by its understanding of governance and who it executes its responsibilities. While many providing board governance would state it is all common sense or obvious, it is also highly variable, depending on both the experience and knowledge of the board members, as well as the issues at hand. Some boards become working boards whereby board members mingle with staff doing that which is necessary; other boards, typically for much larger organizations, act like governance ones, hiring a CEO and providing oversight on operations including guidance.

*Working as a team, each board director must have a common understanding of what corporate governance is as the board is accountable, jointly and severally.*

Some governance boards are proactive – with a defined board agenda, year to year - while others are reactive – more on cruise control, reacting to issues as they arise, often influenced by management’s viewpoint. Some boards can act like book clubs, with more insightful discussions than strategic action. Board governance can be active or passive depending on how the corporate agenda and who sets it – the Board or the Executive?

Board governance, to be done well, needs people, structure, protocol, as well as processes. To be done well there must be teamwork; each Board member must have a common understanding of what good governance is and how to do it, as a team and as an individual.

*Board oversight should never be an oversight.*

Because it is so variable, as both a management consultant and now a board director, I have developed a series of short modules to guide effective board governance. These modules are based on best practices with much emphasis on “what should be” rather than “what is”.

They can be used as a refresher or presented during Board orientation.

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