

SCENARIO

The Director's Dilemma

You have completed your first year on the board of Harmony House, a leading non-profit focused on providing educational resources to underprivileged communities. Three board meetings ago, your board received a transformative and innovative strategic plan proposal from management to address issues which need to be acted upon to enable the organization to address threats to its business model and attain its medium- and longer-term ambitions. The key strategic issues affecting the organization were previously agreed upon by the board. The board recognized that business-as-usual was unsustainable as demand for the organization's services is predicted to continue to increase and additional resources as well as efficiency measures will be required to meet demand. Further, other organizations are increasing service offerings to compete with Harmony House. Management's plan is to invest significantly in digital tools to gain efficiencies through better productivity and provide improved quality and timeliness of service delivery. As well, because new dimensions of demand are accelerating, management's plan requires investing now in hiring and training for the new skill sets necessary.



During the subsequent two board meetings, members have continued to discuss the implications and risks of the proposed strategic plan. It has become clearly apparent that not all board members are comfortable with the plan's resourcing implications. Some longer serving members have focused on cost containment and low financial risk. Generally, the other board members, are in support of proposals from management, favour investments and expenditures in innovative initiatives in pursuit of future ambitions and necessary evolution. The divide in views among members has produced a few heated discussions with strong positions at the board table. The organization has always maintained a low risk approach to investments and expenditures. Currently, the organization is in good financial health, has a solid record of fiscal prudence, and generally enjoys a good public profile.

While out for a walk over the past weekend, you ran into an acquaintance whom you know to be well connected through her consulting work with governments, businesses, and not-for-profits. During a brief chat, she mentioned that she understands your board has a strong split in opinions about the organization's future. She wonders if she can be of help in resolving differences. She further mentions that name calling among board members is a sure sign that gaining consensus will be a challenge.

As a director:

- Identify as many issues you see facing the board.
- What are the top 3 critical risks, priorities?
- What options would you propose in dealing with the ability of the board to come to a decision?

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For centuries, mariners have relied upon various elements of assistance to guide their journeys through sometimes dark and troubled waters beyond their former experiences. Assistance has been provided in two general forms.

In dealing with challenging dilemmas, directors can call upon various aids to navigation and navigational aids. It is always beneficial when addressing a dilemma to begin by understanding what aids can and should be drawn upon in deciding why and how to deal with a situation. Below are some examples of the guides that can and will be important, if not critical, in considering options and taking decisions. They will help to find your North Star, spot the warning lighthouse, set your compass direction, and use your sextant skillfully.



Aid to Navigation

A device or structure external to the ship, designed to assist in determination of position, to define a safe course, or to warn of dangers or obstructions.

GOVERNANCE AIDS

- Roles and Duties of the Board and its Members
- The Purpose, Mission, Ambitions, and Values of the organization.
- Laws & Regulation
- By-laws, Codes of Ethics & Conflicts of Interests
- Precedents & Practiced Principles
- Risk assessments, 3rd party effects, and possible unintended consequences



Navigational Aid

An onboard instrument, device, chart, method, etc., intended to assist in navigation.

In developing rationale for considering options, making recommendations, and taking decisions, a board member should feel confident that a solid and rational basis exists for recommending or taking an action. Anchoring a decision on a strong foundation based upon guidance from sound aids is important to securing a high degree of confidence that a recommendation or decision is the right one.

Duty of Directors and Officers

Canada Not-for-Profit Corporations Act, Part 9, Sec 148(1).

"Every director and officer of a corporation in exercising their powers and discharging their duties shall (a) act honestly and in good faith with a view to the best interests of the corporation; and (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances."