

# GOVERNANCE/COMPLIANCE



## The right chair makes all the difference

By TOM BURSEY

The effectiveness of a corporation can ride on one person: the board chair. Selecting the right one is critical as the person in this role will have a positive or negative effect that trickles down throughout the organization.

To help ensure that a suitable chair is selected, it is important to understand their role as well as qualities that make them effective, including elements of a high performing chair-CEO relationship. Finally, it is important to have a practical process to ultimately decide who should serve in the role.

### Role of the board chair

A common understanding of the role of the chair, both among directors and the CEO, is a very important starting point. The additional responsibilities of being a chair should be well understood by any director willing to serve as chair. Enhancing the chair-CEO relationship is just one part. The chair must also establish a culture of trust and respect among directors and the officers of the corporation.

Another starting point for agreeing upon basic elements of the role of board chair is to define the duties, according to *A Handbook of Governance*

(Marilyn Wyatt, ECNL 2004). According to Wyatt, “the role of the chair is not always self-evident, but usually the last thing a chair wants to admit is uncertainty about the job. A big help is to have a set of basic expectations available in writing. These might include:

- Scheduling board meetings;
- Setting meeting agendas (with the chief executive);
- Leading discussions at meet-

ings, and especially, following agendas and observing all rules of order;

- Co-ordinating any board activity outside of meetings;
- Appointing committee chairs and, time permitting, serving ex officio on all committees;
- Overseeing the hiring and performance evaluation of the chief executive;
- Ensuring the board performs its job well and evaluates its own performance; and

• Representing the organization in public.

A chair has wide discretionary authority to manage the board’s deliberations. The role requires diplomatic skills as well as broad knowledge in the general technical disciplines of the organization, though not necessarily specific expertise. Often the ideal chair is a generalist — someone with experience in the

field, but who has not been removed from the “action” for too long. They should have the skills and credibility to lead the board to consensus, if possible.

The chair should: act as leader, facilitator, and team-builder for the board; act as principal architect (with CEO support) of the board agenda; ensure that the board provides a holistic view of the issues discussed and that areas of concurrence, divergence, and uncertainty are identified; and ensure that the board bases its decisions on sound evidence.

The chair is responsible for: working with the CEO; overseeing initial discussions with new board members to ensure that both new and old board members have a shared set of expectations; reviewing drafts of board reports and providing feedback; and acting as spokesperson in representing the board

to stakeholders, the media, and the public. A high-profile chair can raise the profile of the board in the target community.

### Qualities of an effective chair

A common understanding of the role of chair is a key aspect of chair selection; however, it is more important to understand the qualities of an effective chair. The CICA publication, *20 Questions Directors of Not-For-Profit Organizations Should Ask about*

*Board Recruitment, Development and Assessment* provides a list of the qualities of an effective chair, which include:

- A strong affinity and commitment to the organization;
- Demonstrated strengths in communication and leadership;
- Strong facilitation and consensus-building skills;
- Empathy for fellow directors;
- Coaching and feedback-providing skills;
- A forward-looking perspective and clear strategic vision;
- The intellectual capacity to understand complex issues;
- An appreciation of stakeholder accountabilities and the importance of performance standards;
- The ability to assess priorities and focus on what is important
- The willingness and ability to prepare agendas with clear objectives and to chair productive board meetings;
- Political skills and the ability to use power effectively;
- The strength of character to deal effectively with a competent but strong-willed CEO;
- The ability to recognize and manage the creative tension between the board and the CEO;

See Expertise on page 17



# GOVERNANCE/COMPLIANCE

## Expertise less necessary than diplomatic skills

Continued from page 13

- The ability and knowledge to challenge views and opinions;
- The ability to manage strong-minded or intimidating members; and
- The willingness and ability to take charge in times of crisis

Additional qualities of an effective board chair include being passionately committed to the organization's vision and mission, having the ability to establish or maintain a high performing chair-CEO relationship, and having the time and availability to serve as chair.

According to Mike Naufal, managing partner of Boyden's Ottawa office and author of *The Chair-CEO Relationship: Ten Commitments for a Better Partnership*, most successful chair-CEO relationships are built on a partnership and a base of shared objectives, or commitments, which include:

- Keep everyone focused on



BURSEY

the organization's mission;

- Clearly define and respect each other's roles;
- Avoid territorial battles;
- Add impact value;
- Help to make Board stronger;
- Develop a positive dynamic between staff and Board;

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Tom Bursey, CPA, FCMA

- Make communications a priority;
- Maintain a united front;
- Protect and support one another; and
- Keep passion and emotions in check.

#### A practical process for selection

This process, led by the chair of the governance committee, has three phases.

First, the chair of the governance committee will contact all current board members to outline the process and to determine their willingness to serve as board chair, and/or their interest in nominating a fellow board member as chair. Any nominated director will be approached by

the governance committee chair to confirm willingness to stand.

Second, a list of willing nominees will be compiled and brought forward during an in-camera session of the next meeting of the board.

Finally, at the in-camera portion of the board meeting, each candidate will be given up to five minutes to address the board about their interest and fitness to serve as board chair, followed by up to ten minutes of Q&A. The candidates will address the board in alphabetical order by surname.

Following the dialogue with chair candidates, a secret ballot will be administered by the chair of the governance committee, who will then count the ballots

in a private setting.

The candidate with 50 per cent plus one of the votes (of the directors present) will be announced as the new chair. If no one candidate meets this criterion, the two candidates with the most votes will be proposed by the chair of the governance committee in a runoff ballot. In all cases, the governance committee chair can cast a second and deciding ballot.

No voting via proxy is allowed. The governance committee chair will ensure ballots are destroyed.

The board will be asked to endorse the successful candidate as the incoming chair at the annual general meeting.

Tom Bursey, CPA, FCMA, C.Dir. ICD.D, has served as board chair and committee chair for audit & finance, HR & compensation, and governance committees. He is vice-president and chief financial officer at the Council of Canadian Academies.

## Education program drew from bodies' strengths

Continued from page 15

national education program that still accommodated the criteria of the provinces, which retain the authority to certify accounting professionals. A certification steering committee was established featuring a team of education leaders from the legacy bodies and supported by academic advisers. The committee then established 12 working groups made up of more than 150 leading experts in accounting education, public accounting, the public sector and industry to help develop a new certification process.

"Everyone managed to leave their designation at the door and just focus on how to work together most effectively," Batstone says. "There's no question the governance structure helped that happen and helped build the trust that would allow it to happen."

An important step was the creation of a comprehensive competency map, which involved some 40 CA, CMA and CGA staff and accounting academics.

At qualification, new Canadian CPAs will demonstrate the competencies expected of leading professional accountants. Specifically, they will be required to demonstrate both technical competencies (assurance finance, tax-

**"Walking in late was not an issue because the principles, the framework were so solid. It meant we didn't have to contend with legacy issues or conflicting voices, it was all CPA. It was all very respectful and forward-looking."**

Anthony Ariganello, CGA-Canada



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ation, management accounting, etc.) and enabling competencies which include ethical behaviour, written and oral communication, leadership and decision making.

The new Canadian business education program was heavily influenced by the blended

learning approach used by the legacy CA bodies, and drew on each of their different strengths. The inclusive approach also allowed the new CPA Canada program to incorporate the latest technology as well as more emphasis on soft-skills training

that focuses on communications, team work and leadership.

"From the CMA side, I think the incorporation of a business case and the need to work on a group project as a team with other candidates is a really important aspect of the new CPA

certification program," says Van Bakel, who served on some of the education committees.

He adds: "The CGA's modular approach to education is a strategic addition to the process because it allows more people to enter the profession from different backgrounds and different points in their career. I think that's a real strength."

The CPA program began in the fall of 2013 in the western provinces and will expand to the rest of Canada this fall. The first Common Final Examination will take place in the fall of 2015.

Batstone says that because of the governance model put into place early, and the allowances made for ongoing improvements and upgrades, the unified educational programs will be subject to continuous improvement. Included is a five-year plan for the renewal and revision of key program elements.

True to form, Canada's accounting profession continues to address more long-term planning as the landscape changes, and key guiding principles remain in place for it to draw upon.

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