

# **CHBA Organizational Review Working Group**

## **Report on the meeting in Calgary, April 8 - 9, 2013**

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## **Highlights - Key Decisions and Recommendations**

**Board Restructuring:** Through the Organizational Review, CHBA members have made it clear that they want a smaller and more effective Board. The Working Group is recommending the following restructuring of the national Board:

**Executive Board** – 6 members including Past-President, President, 1st Vice-President, two 2nd Vice-Presidents, and a combined Treasurer-Secretary position.

**Board of Directors** – 22 members including the 6 Executive Board members, 2 Presidential Appointees, 9 Provincial Appointees (two for Ontario, one for other provinces), and 5 Council representatives (Manufacturers' Council, Canadian Renovators' Council, Executive Officers' Council, Urban Council, and Canadian Manufactured Housing Institute).

**Length of terms on the Board:** The Working Group is making the following recommendations about the length of terms of office for Executive Board and Board of Directors positions.

**Executive Board** – Maintain the current by-laws (i.e., one-year terms), with the exception that “three” years in the same position be changed to “two”.

**Council Appointees** – A maximum two years on the Board of Directors. Councils would decide on the length of terms of their own appointees for Chair.

**Provincial Appointees** – A maximum of two years, unless authorized by the Executive Board. Provincial Boards would elect their own representatives to the national Board.

**Presidential Appointees** – One year terms.

**Standing Committees and Councils:** The Working Group is recommending that no decisions or recommendations be made about Committee and Council changes until they have completed their own self-assessments. The Working Group is recommending that the Board provide direction for this assessment process in the form of guiding principles and core questions. Following completion of the assessment process, the Executive Board would develop recommendations concerning Committees and Councils.

## **1. Introduction - Background and Objectives**

The Organizational review Working Group was created with the approval of the following motion approved at the Board of Directors meeting in Lake Louise, Alberta in March 2013:

*That the Executive Board form a Working Group made up of Provincial Presidents or elected designates, the Chair of the Executive Officers' Council, a representative from the Manufacturers' Council and a representative of the Canadian Renovators' Council, and 2013 CHBA Table Officers (National President, First Vice President, Treasurer, two Second Vice Presidents), with the Immediate Past President serving as Chair, to provide recommendations by May 2013 for Bylaw changes to be presented to the Executive Board, and that a budget of \$50,000 be allocated for this task.*

The Working Group succeeds the Organizational Review Task Group, which was formed in June 2012 to monitor the work of Deloitte in the conduct of the Organizational Review. The Task Group was given a renewed mandate by the Board of Directors in October 2012, following the tabling of the Organizational Review Final Report, to use the Deloitte report as a guideline and to bring an implementation plan forward for approval to the Executive Board.

The Working Group plans to conduct two two-day meetings to accomplish the objective set out by the Board of Directors. The Calgary meeting on April 8-9 was the first of these two meetings. Twelve of the 17 Working Group members attended the Calgary meeting:

- Ron Olson, Past-President and Chair of the Working Group
- Deep Shergill, President
- Bard Golightly, First Vice-President
- Jane Morgan, Second Vice-President
- Bob Finnigan, Second Vice-President
- Carol Oxtoby, Treasurer
- Nathan Stone, British Columbia President
- Grant Sakiyama, Manitoba President
- Doug Tarry, Ontario 3rd Representative
- Rick Turner, New Brunswick President
- Michael Martin, Canadian Renovators' Council (alternate)
- Michael Moore, Executive Officers' Council (alternate)

The agenda for the meeting was developed in consideration of the priorities and projected time frames for implementing Organizational Review recommendations presented by the Executive Board at Lake Louise. Because of its implications for significant by-law changes, the focus of the Calgary meeting was on restructuring of the National Board and reconfiguring of related bodies. John Butcher, a facilitator with previous experience with the CHBA, was hired to assist the Working Group with the process.

## 2. Considerations for Restructuring the National Board and Related Bodies

The Working Group engaged in extensive discussions about the current Board structure, characteristics of an ideal Board, critical questions related to restructuring, and core functions.

### 2.1 Assessing the current Board structure

The Working Group began its discussions by assessing the current CHBA national Board structure, including what works well and their concerns about the Board.

**What works well:** The current Board structure allows for representation from across the CHBA, brings together a highly knowledgeable talent pool, and provides a strong network for knowledge transfer and for supporting provincial and local associations.

***Broad representation of CHBA membership*** – The Board represents all provinces and many locals, Committees and Councils, and key staff through the Executive Officers' Council representative. The Board encourages observers who can attend meetings without being part of the Board.

***Talent pool*** – The Board brings together a great pool of talent from across the country. A larger Board offers more opportunities to bring in new talent from across the Association.

***Support network and knowledge transfer*** – The number of people on the Board provides a strong network for sharing knowledge and for providing support to provincial and local associations.

**Concerns:** Working Group members expressed concerns about the current Board related to its size, effectiveness, efficiency and costs, turnover and renewal, and strategic thinking.

***Size*** – Most of the concerns about the current Board structure related to its large size and the effects of the large number of members on its efficiency and costs.

- The Board is too big to discuss and debate issues. The large Board does not allow individual members to participate effectively in discussions. Its size can be intimidating and some people do not speak up. Business would come to a stand-still if everyone wanted to participate in discussions. The Board receives reports but there is no time to discuss them.
- As a result of having such a large Board, fewer people make the decisions. The Executive Board makes most of the decisions and the Board of Directors concurs.
- There is redundancy in Board membership, which reduces its effectiveness.

- The Board has grown in size because everyone feels they have to have a voice. “Positions were created to keep people in the tent. Positions were created that are outside the by-laws.”

***Effectiveness*** – There is redundancy in Board membership, for example having every member of the Urban Council on the Board. The large Board means no one has to take responsibility for decisions. The functioning of the Board is muted by discussions and decisions of the Executive Board, Committees, and Councils. There is a lack of clarity regarding the role of Board members: “roles and responsibilities of Board members have to be delineated so that they have a national perspective and drop their local-only concerns.”

***Efficiency and costs*** – The current Board is too expensive to operate. Travel and logistics are huge expenses. There is also some liability exposure if Board members are not fully informed and involved in discussions and decision-making.

***Turnover and renewal*** – There are no set terms and no guidelines or procedures for turnover (other than for the Treasurer). “People don’t move on.” “We are not taking advantage of the opportunities to bring in new blood. Now people tend to get stuck in their positions.”

***Lack of strategic thinking*** – There is a lack of strategic thinking at national Board level. The main discussions happen outside of the Board.

## 2.2 Scoping the ideal Board

The Working Group discussed their ideas about the characteristics of an “ideal” Board, first in three smaller groups and then together. They organized their ideas under five themes: active participation of volunteers, effective communication at and between all levels, orientation and preparation of new members, accountability, and composition, representation and terms of Board members.

### ***Active participation of volunteers:***

- Engaged in discussions – All members are encouraged to speak and to feel their opinions are heard and valued.
- Meaningful debate – There is time for meaningful debate before decisions are made.

### ***Practical and efficient:***

- Time commitments – Board meetings make efficient use of members’ time. Members are well prepared to discuss issues on the agenda. Meetings are “not to read and rehash reports”.

- Economical – The Board is mindful of travel and meeting costs. This may mean less travel and more conference calls. The Board “uses members’ fees efficiently in all circumstances”.

***Effective communication at and between all levels:***

- CHBA-wide communications – The Board communicates effectively to the general membership.
- Concise reports – with more detailed information readily available when required or requested.

***Orientation and preparation of new members:***

- Understanding of purpose – Members understand the role of the Board with respect to Association’s future and the ramifications of their decisions. The Board “keeps the industry first and foremost on the agenda” and understands that “the boss” is the members of the Association.
- Board orientation – Members have an orientation prior to assuming their positions on the Board.
- Well-briefed for meetings – Members are knowledgeable of the issues and bring independent thinking to the table.

***Accountability:***

- Clearly-documented design – including the role of each position (why does the position exist), the duration of the position on the Board, and the role of Board member.
- Ownership of decisions – The Board takes ownership of its work and decisions.
- Strategic focus – The Board is focused on governance, strategic direction and leadership, not on management and operations.

***Composition, representation and terms of Board members:***

- Representative of membership – The Board represents all members (“the global CHBA, not one aspect”) including all provinces and industry components. There is a fair and equitable distribution of members.
- Board size – A Board that is between 20 and 25 members.
- Term limits – An “expiry date” on the length of Board terms.

## **2.3 Critical questions for restructuring the Board**

After identifying the major characteristics of the “ideal” Board of Directors, the Working Group identified nine critical questions that need to be answered to guide decision-making about Board re-structuring. The Working Group considered all of these questions, both before and after this point in the meeting, in arriving at recommendations. The questions are as follows:

1. How do / will we split up representation on the Board based on population?
2. When / if we start cutting positions, how do we deal with the Urban Council?
3. In / if redistributing positions, do we consider multiple voting?
4. What effect will the new COO's vision and experience have on our thinking?
5. What is the focus of the Board (e.g., leadership in shaping the national housing agenda, advocacy, representation on technical research bodies, policy direction and accountability, "proactive" versus "reactive")?
6. What are the reporting relationships of "related bodies" with the national Board?
7. What is the Board's involvement in decision-making, and the preparation for decision-making?
8. Do we treat everyone the same? For example, are self-funded groups, such as the Manufacturers' Council and CMHI, treated in the same way as other groups?
9. How do we respond to groups that might have lost a seat at the Board and do not feel represented by others?

## 2.4 Core functions of the Board of Directors

Before developing recommendations for restructuring the Board of Directors, the Working Group discussed the core functions of the Board. First in three smaller groups and then together, the Working Group organized their ideas about the core function of the Board of Directors into six categories: policy development, long-term strategic direction, advocacy, financial responsibility, communications, and accountability.

### *Policy development:*

- Setting the policy direction for the CHBA
- Ensuring that the Board and not staff establishes CHBA policy
- Governance and leadership
- Guidance and direction to associated entities (Committees, Councils, provinces, locals)

### *Long-term strategic direction and follow-up:*

- Strategic planning
- Setting the issue agenda and the direction for the CHBA
- Establishing national housing issues
- Defining and controlling agenda priorities
- Working to be the voice of the residential construction industry in Canada
- Identifying the most effective avenues for accomplishing CHBA goals
- Business development for CHBA: e.g., growth strategies, branding, positioning
- Setting priorities for staff in consideration of financial and human resources

***Directing the Association's advocacy:***

- Advocating for members' needs and priorities at national level
- Setting and reviewing advocacy goals
- Ensuring that advocacy is consistent with the CHBA being the voice of the residential construction industry to governments, industry and consumers
- Focusing on federal political advocacy with elected representatives
- Having people in place where needed to exercise influence; providing advance intelligence on who and how to influence
- Ensuring that advocacy is being undertaken where and when needed

***Ensuring financial responsibility:***

- Exercising fiscal prudence
- Ensuring fiscal responsibility in all national-level activities

***Setting the strategic communications plan:***

- Setting the direction of CHBA communications, both internal and external to the Association
- Providing guidance to staff in its communication of CHBA goals and policies to members, industry partners, governments and the public
- Providing guidance to the national level in its communications with local and provincial associations and with Committees and Councils
- Providing guidance to Committees and Councils about how they communicate their reports to ensure that there is consistency in the methods of communications with members
- Ensuring that the CHBA undertakes meaningful and effective communications to achieve its goals

***Setting accountability requirements and direction:***

- Ensuring there is a process for identifying the priorities of members
- Ensuring that leadership makes the decisions
- Respecting volunteer time and commitment
- Limiting the length of terms; preventing long-term Board membership
- Recognize the ongoing importance of technical issues and codes
- Undertaking an annual evaluation of the COO, who is responsible to the Board

## **2.5 Core Functions of the Executive Board**

Following the discussion on the core functions of the Board of Directors, the Working Group discussed the core functions of the Executive Board, again first in smaller groups and then together. They organized their ideas about the core function of the Executive Board into six categories: oversight of COO, implementation of the strategic plan, succession planning for the



Board of Directors and senior staff, financial oversight, acting on behalf of the Board of Directors, and high-level advocacy.

***Oversight and support of COO:***

- Providing direction to staff
- Communicating with the COO (It was noted that the Treasurer deals directly with Director of Finance)
- Evaluation of measurable targets
- Annual COO performance review and ongoing assessment; the Executive Board needs to have written evaluation of the COO each year based on achievements and successes
- Providing an immediate and direct sounding board for the COO

***Oversight of implementation of the Strategic Plan:***

- Providing direction and guidance to staff (COO)
- Providing direct oversight, not management, of operations led by the COO
- Strategic plan implementation with the COO
- Verifying that implementation is proceeding as expected
- Maintaining the focus on priorities
- Making recommendations about strategic direction to the Board of Directors

***Succession planning for Board of Directors and Senior Staff:***

- Developing plans for new leadership ("moving up") in the Board
- Developing strategic succession planning for all levels of the CHBA
- Providing the Board of Directors with direction and support via recommendations about succession
- Mentorship of members of the Board of Directors

***Financial oversight:***

- Taking responsibility for financial management and planning

***Acting on behalf of the Board of Directors:***

- Meeting when there are issues that need attention between the regularly-scheduled meetings of the Board of Directors
- Providing vision on emerging issues; looking at new things that are coming on stream and at how to provide knowledge and direction back into the Association
- Making executive decisions between Board of Directors meetings
- Acting on behalf of the Board of Directors on all matters in the absence of the Board

***Involvement in High-Level Advocacy:***

- Directing the Association's advocacy at a higher level

- Participation in face-to-face meetings with high-ranking government officials, both elected representatives and senior staff

### 3. Proposed Structure of the Executive Board and Board of Directors

Having assessed the current structure of the Board of Directors, set out the characteristics of the “ideal” Board of Directors, posed some of the “critical questions” around any restructuring of the Executive Board and Board of Directors, and identified the core functions of the Board of Directors and Executive Board, members of the Working Group generated ideas for the proposed structure of the Executive Board and Board of Directors.

Following smaller group discussions about their Board restructuring proposals, the Working Group as a whole reviewed their ideas and proposals and came to a consensus about a proposed structure. Working Group recommendations for a restructured Executive Board and Board of Directors are presented in the following tables. Some details of the discussions and rationales for their recommendations follow the tables.

#### **Executive Board**

**Proposed Structure of the Executive Board**

<b>Position</b>	<b>Number of seats</b>	<b>Comments</b>
Past-President	1	
President	1	
1st Vice-President	1	
2nd Vice-President	1	2nd Vice-Presidents would be in place for purposes of succession planning, provision of expertise, and distribution of workload.
2nd Vice-President	1	
Secretary / Treasurer	1	Given the nature of their duties, it is proposed that the positions of Secretary and Treasurer be merged.
<b>Total members and votes</b>	<b>6</b>	

## **Board of Directors**

### **Proposed Structure of the Board of Directors**

<b>Position</b>	<b>Number of seats</b>	<b>Comments</b>
Executive Board	6	As per the previous table
Presidential Appointees	2	A maximum of two Presidential Appointees might be named each year. These positions would be used for succession planning, filling gaps in expertise, etc. The positions were formerly part of the Executive Board.
Provincial Appointees	9	Each provincial association would have one seat. Any provincial association with more than 2,000 members would gain one extra seat.
Manufacturers' Council	1	
Canadian Renovators' Council	1	
Executive Officers' Council	1	
Urban Council	1	
Canadian Manufactured Housing Institute	1	
<b>Total members with votes</b>	22	
Chief Operating Officer	1	COO would be a non-voting position.
<b>Total members</b>	23	

### **Discussion and rationale for recommendations:**

***Provincial representation*** – There was a consensus that there is merit to the principle of provinces with greater numbers of members having a higher number of seats and/or votes on the Board. The Working Group agreed that having a variable number of seats on the Board based on the number of provincial association members is the best and most practical approach.

The Working Group agreed that:

1. each provincial association would have one voting seat on the Board; and,
2. any provincial association with more than 2,000 members would gain one extra voting seat on the Board.

Weighted voting, whereby the votes of representatives of provinces with higher numbers of members would count for more, was considered as an option. However, this option was rejected because weighting of votes in proportion to the number of provincial members would create an

imbalance on the Board. An approach using a combination of a variable number of seats per province and weighted voting was rejected as being too complicated.

Other comments about provincial representation include the following:

- Provinces also would be represented through positions on the Executive Board.
- "We have to be sensitive to the large numbers of members in Ontario, Alberta and BC. This Association is built on membership. We have to reflect this in our Association."
- The number of provincial representatives on the Board would increase by three if PEI and Quebec join the CHBA (i.e., one for PEI; two for Quebec based on membership).

***Council representation*** – All Working Group members agreed that each of the five Councils should be represented on the Board of Directors. They also agreed that each Council should have one seat at the Board. The Urban Council would have the same status as other Councils. CHBA has a close working relationship with the CMHI and there was a consensus that it is important to include the CMHI on the Board.

***2nd Vice-Presidents*** – Having two 2nd Vice-Presidents on the Board is useful for succession. They are candidates for President. It also was noted that it is rare to see two 2nd Vice-Presidents in other trade associations. It will be easier to identify potential leaders with 22-23 Board members than with 51. Two 2nd Vice-Presidents should be the maximum, not the minimum.

***Presidential Appointees*** – These positions should be on the Board of Directors and not on the Executive Board. It was noted that it is common practice in other trade associations to have presidential appointees on the Board but not on the executive. Furthermore, these positions should be optional, appointed to the Board of Directors when they are needed or useful for a reason specified by the President. Other comments about Presidential Appointees include the following:

- It does not make sense to have discretionary positions on the Executive Board.
- Sometimes the Executive Board needs expertise in particular areas (e.g., HR), but these needs typically are temporary.
- As the Board becomes more task oriented, the Presidential Appointments can work on important tasks.

***Secretary and Treasurer positions*** – There was a consensus that these two positions can be combined.

***Executive Board representation on Committees*** – There were questions about whether there will be enough Executive members to represent Committees. The Working Group agreed that Committee responsibilities should be assumed by the entire Board.

## **Nomination Process**

The Working Group developed the following recommendation for the nomination process.

- The Nominating Committee will invite nominations for all available positions from any individual builder/renovator member, Councils, and provincial and local associations.
- The names of nominees will be circulated in advance on a timetable similar to that for AMM resolutions.
- In light of the above process and timetable, there will no longer be nominations from the floor at the AMM.

## **4. Proposed Length of Terms of Office**

The Working Group examined the rationales for one-year versus two-year terms on the Executive Board and Board of Directors, and then developed specific recommendations for the length of terms and the nominating process.

### **Rationale for one and two year Board terms**

One-year terms:

- Permit continuous change on an ongoing basis.
- Provide more opportunity for involvement of younger members.
- The length of time for the total cycle through the Board positions would be 5 – 6 years (versus 10 years with two-year terms).
- A two-year time commitment might discourage good candidates.
- Two-year terms mean a heavier workload.

Two-year terms:

- Meet the need for incoming members to learn their positions.
- Provide for greater continuity.
- Provide more opportunities for networking across the Association.

Other points made in discussions about the length of Board terms include the following:

- With the rules for succession, two-year terms on the Executive Board would mean the executive would serve for up to six years.
- The rationale for two-year terms is to allow the President to get up to speed and not have to leave after one year. With Board succession procedures (and by-laws), new Presidents are up to speed quickly.
- Presidential appointees should serve only one term.
- It is not healthy for the Association to have open-ended renewable terms for Board members.

## **Council representatives – length of terms on the Board**

Currently, Council chairs can stay in place for many years and some members have expressed concerns that chairs are in place for too long. The Board has control over the process of identifying Committees chairs but not Councils chairs, which always appoint their own chairs. Council chairs serve on the Board of Directors, Committee chairs do not.

The Board only sets the rules for the length of terms of chairs on the Board of Directors. The Working Group can make recommendations to the Board only about the length of time that Council chairs serve on the Board and about the number of successive terms.

## **Recommendations about the length of Board terms**

The Working Group made the following recommendations about the length of terms of office for Executive Board and Board of Director positions.

**Executive Board** – Maintain the current by-laws (i.e., one-year terms), with the exception that “three” years in the same position be changed to “two” (i.e., terms are renewable but only once).

**Council Appointees** – Councils decide their own appointees to be on the Board of Directors (who would be subject to term limits specified by the Board). Council representatives would serve for a maximum of two years, non-renewable, on the Board. Councils would decide on the length of terms of their own appointees as chairs.

**Provincial Appointees** – A maximum of two years, non-renewable, unless authorized by the Executive Board. Provincial Boards would elect their own representatives to the national Board. Provincial associations will have to change their by-laws if this change is implemented.

**Presidential Appointees** – One year terms.

The Working Group recognizes that, based on the advice of CHBA Legal about the new *Canada Not-for-Profit Corporations Act*, no more than one-third of Board members may be appointed. Five Council Appointees and two Presidential Appointees would reach the limit of one-third appointed members with a Board of 22 members as recommended by the Working Group. Consequently, all other members would have to be elected.

## **5. Restructuring Standing Committees and Councils**

The Working Group decided against developing recommendations on Committees and Councils until decisions have been made on the recommendations concerning the Executive Board and Board of Directors, and until Committees and Councils have had an opportunity to provide input on their structure and operations.

The Working Group is recommending that the Board direct the Committees and Councils to use some guiding principles and core questions in conducting their self-assessments. Following are the guiding principles and core questions developed by the Working Group.

### **Core questions for Committees and Councils**

- How does your Committee / Council see itself supporting the core functions of the Executive Board and Board of Directors?
- What do you see as the best working relationship of your Committee / Council with the Executive Board and Board of Directors?

### **Guiding principles**

- There must be improved communication of Committee and Council activities.
- There needs to be reciprocal membership between Committees. Committees should plan for interaction.
- Each Committee and Council should have a succession plan.
- Each Committee and Council should have a strategic plan and budget approved by the Board of Directors.
- Each Committee and Council should specify the source and appointment process of its members, including current and future length of terms.
- No volunteer should be doing work on behalf of the national Association who has not been authorized to do so by the Executive Board and the Board of Directors.

Following completion of the assessment process, the Executive Board would develop final recommendations concerning Committees and Councils. This work may require formation of another small working group.

## **6. Other topics discussed**

***Enablers and barriers to change*** – Enablers to positive change include members' views and appetite for change at the national level, frustration with the existing system and the widespread belief that the national board needs to be more efficient and accountable, opportunities to streamline processes with a new COO, and the fact that a comprehensive by-law review is already underway. Barriers include territorial rights and ambitions, that supporters of change may be more silent while naysayers will speak up, fear of change, lack of trust between all levels of the association, and procedural hurdles that can lead to delays and "process stall".

***Member expenses on Board activities*** – Board members do not know the protocols for eligible expenses, expense approval and reimbursement. These protocols have to be set out and communicated more clearly. It was noted that this is a matter related to policy and administration and not to by-laws. The Working Group discussed the possibility of recommending to the Executive Board that there be a clear policy for dealing with expenses. This item will be on the agenda of the next Working Group meeting.

***Reporting by Committees*** – To help manage the workload of Board members, it was recommended that Committees submit executive summaries of reports to the Board, with the full reports being posted on the website for review by the Board or any member who wants to read the details.

***Agenda items for the second Working Group meeting*** - A second meeting of the Working Group was set for May 13-14 in Toronto. A preliminary list of items for the agenda include the following:

- Other organizational changes requiring by-law changes – "this is the priority".
- Draft statements for changes that require by-law changes (potential wording, in consideration of Legal's documents on potential by-law changes and the implications).
- Assigning potential dollar values to the costs of implementing recommendations.
- How the by-law change process will unfold after the adoption of recommendations.
- Clarifying the President and EO roles at the national level.
- Expenses.