

## Transitioning from a Managing Board to Governing Board

Stage	Managing Board	Transitioning	Governing Board
<b>Timing</b>	<p><b>Appropriate for:</b></p> <ul style="list-style-type: none"> <li>• <i>Very small corporation (revenues &lt;\$250K)</i></li> <li>• <i>Simple operations</i></li> <li>• <i>No management employees</i></li> <li>• <i>Growth is not part of your strategy or goals</i></li> </ul>	<p><b>May be triggered when:</b></p> <ul style="list-style-type: none"> <li>• <i>There is growth (revenues \$250K-\$1mm)</i></li> <li>• <i>Increasing operational complexity</i></li> <li>• <i>Frontline management needs</i></li> <li>• <i>General management needs</i></li> <li>• <i>Strategy or goals that require any of the above</i></li> </ul>	<p><b>Appropriate for:</b></p> <ul style="list-style-type: none"> <li>• <i>Small but growing corporations and larger: (revenues &gt;\$250K)</i></li> <li>• <i>Operational complexity</i></li> <li>• <i>Career staff</i></li> <li>• <i>When a CEO/GM is employed</i></li> </ul>
<b>Characteristics</b>	<ul style="list-style-type: none"> <li>• Informal</li> <li>• Involved in everything</li> <li>• Little/no differentiation between governance and management/administration</li> </ul>	<ul style="list-style-type: none"> <li>• The need for structure and formality is begin recognized</li> <li>• The need for full time or permanent management emerges</li> <li>• The need to separate the board from management issues emerges (hiring/firing/discipline, customers, maintenance, etc.)</li> <li>• Confusion about roles and responsibilities</li> <li>• Difficulty “letting go” by some directors</li> </ul>	<ul style="list-style-type: none"> <li>• Board clearly differentiates its responsibilities from management</li> <li>• Decision making is formalized. Processes are clear</li> <li>• Management of corporation delegated to staff</li> <li>• Board focuses on vision, setting strategy, overall policy</li> </ul>
<b>Transitions</b>	<ul style="list-style-type: none"> <li>• Learn board best practices</li> <li>• Learn the basics of governance</li> <li>• Learn to avoid factions, rubber stamping, micro-management, etc</li> </ul>	<ul style="list-style-type: none"> <li>• Shift to a more “business-like” operation</li> <li>• Board &amp; staff should clarify roles and responsibilities (Possible by-law change.)</li> <li>• Develop clear systems (financial management, decision making, hiring/HR, etc.)</li> <li>• The board begins to divest itself of management roles and responsibilities</li> <li>• Hire and formally delegate authority to CEO/GM</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Professionalization.</i> Has staff /contractors in professional roles – financial, HR, administration, legal, etc</li> <li>• Board’s ability to provide broad oversight and direction becomes more important</li> <li>• Staff partner with board to shape vision, strategy and policy.</li> <li>• The board is completely uninvolved with providing administration or operational management</li> </ul>
<b>Challenges</b>	<ul style="list-style-type: none"> <li>• Informality can create confusion and conflict</li> <li>• Tendency to micro-manage</li> <li>• Board may not have the time/expertise to grow the corporation</li> </ul>	<ul style="list-style-type: none"> <li>• Find it difficult to hire/trust staff</li> <li>• Find it difficult to share power</li> <li>• There can be frustration with change</li> <li>• Board may micromanage</li> <li>• The board is often slower to change and adapt then staff</li> </ul>	<ul style="list-style-type: none"> <li>• Board can become over-dependent on staff and “rubber stamp” recommendations</li> <li>• Board may struggle with staying within its role and responsibilities</li> <li>• Board is often not clear on its role</li> </ul>