

# COMPARING 3 MODELS OF BOARD GOVERNANCE



# ABOUT THIS WORKBOOK

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# FOUNDER

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## **Tom Abbott Sr, B.Comm., CGA, CAE**

Our late founder, Tom Abbott Sr., B.Comm., CGA, CAE started the company in 1987 and was the architect of the Complementary Model of Board Governance. He was awarded the Dalton N. Murphy, CAE Award by the BC Chapter of the Canadian Society of Association Executives.

The award was granted to him “in recognition of both outstanding and sustained contributions to the association community”.

# SEMINAR LEADER

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## **Tom (TJ) Abbott**

Tom is the Managing Director of AMC NPO Solutions and has been involved in the not for profit world for over 20 years. He is a member of the Canadian Society of Association Executives, Canadian Association of Professional Speakers, Past-President of Asia Professional Speakers - Singapore and past Executive Committee member of International Coach Federation - Singapore Chapter.

His article One Way to Govern: The Complementary Model of Board Governance was published in the Sept-Oct 2015 issue of Board Leadership, Wiley Periodicals Inc., A Wiley Company.

# WHICH MODEL IS BEST FOR YOUR ORGANIZATION?

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Which model is best for your organization is, of course, a fundamental question for your board. I recommend that you study the alternatives carefully. Debate fully and deliberately the perceived benefits and drawbacks of each. Assess how the alternative models would “fit” with your organization’s culture, future direction, stakeholders, and volunteers. Then make your decision.

Whichever governance model your organization adopts, it is supremely important that the board clearly articulates and documents the respective roles of the two halves of the governance and management partnership —the board and the CEO. It is useful to recall another statement by Peter Drucker:

Thus each has to ask, What do I owe the other? not – as board and executive officers still tend to do – What does the other one owe me? The two have to work as one team of equals.

It is likewise important that all of the leaders in the organization— the chair, executive, board members, and CEO have a clear and shared understanding of the selected model. That level of understanding can be heightened and reinforced by annual board orientation training sessions.

# TRADITION MODEL PRINCIPLES

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1. The Board of Directors, headed by a Chair or President, actively participates in both the governance and management of the organization
2. The board establishes all policies, including governing and administrative policies. The staff provides advice—largely restricted to administrative advice
3. The board hires and fires a senior staff person (often termed Executive Director, but may instead be called Administrator, Manager, Office Manager, or Executive Secretary). The board may also assume responsibility for hiring subordinate staff in the office
4. The board approves the annual financial budget, which is prepared either by the board, the treasurer, a committee of the board, or the staff. The financial statements are prepared by the treasurer, a committee of the board, or the staff for review by the board. The board may set individual salaries, perhaps with recommendations from the executive director
5. Board meetings deal with both governing policies and administrative policies and other matters. A Board Manual includes content relating to both, often including administrative office procedures. The Board monitors only against approved Ends and Executive Limitations
6. All committees are board committees that are established by and report directly to the board.
7. There is usually an Executive Committee.

# POLICY MODEL PRINCIPLES

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1. The Board owns the organization as trustees
2. The Board prescribes “Ends”, not “means” except to say what is unacceptable
3. The Board develops policies to an acceptable satisfaction level
4. The ED does not report to the chair, but to the entire Board
5. The ED and chair are peers
6. The Board speaks with one voice, or not at all
7. Board committees exist to help the Board do its work, not help or advise staff to do its work
8. There is no Executive Committee
9. The Board monitors only against approved Ends and Executive Limitations
10. The ED's performance = association's performance

# COMPLEMENTARY MODEL PRINCIPLES

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1. The Board is responsible for both the governance and management of the Society
2. The Executive Director is designated the Chief Executive Officer (CEO) and is accountable to the Board for the management of the Society
3. The senior elected volunteer position is the Chair of the Board of Directors
4. The Board is responsible for determining all governing policies of the Society; the CEO is responsible for determining all administrative policies of the Society
5. The Board defines and approves a Code of Conduct for the Directors and a separate Code of Conduct for the CEO
6. There are three types of committees or task forces
7. There are four monitoring options for the Board
8. The Board does an annual written appraisal of the CEO
9. The Governance Committee coordinates written appraisals of the Directors
10. Board training is a priority, budgeted item

# OUR SERVICES

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Strategic Planning

Governance Training and Implementation

Board Training, Facilitation & Team Building

Bylaw Reviews

Governance audit

# OUR CONSULTING EXPERIENCE

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BC Trucking Assn.

Tourism Vancouver

BC Wildlife Federation

Trial Lawyers Assn. of BC

BC Chamber of Commerce

College of Dental Hygienists

Wildlife Rescue Assn. of BC

Kwantlen University College

College of Dental Technicians

St John Ambulance of Canada

Real Estate Council of Ontario

Assn. of Dental Surgeons of BC

Society of Notaries Public of BC

United Way of the Fraser Valley

Vancouver Native Health Society

BC Assn. of Clinical Counsellors

ACT II Child and Family Services

Asia Pacific Foundation of Canada

College of Occupational Therapists

Vancouver Island Real Estate Board

Mission Assn for Community Living

Washington Society of Assn. Executives

Shell Employees Federal Credit Union-USA

Certified Technicians & Technologists of MB

Certified General Accountants Assn. of Canada

Community Futures Development Corporations

Assn. of Real Estate License Law Officials – USA

Yukon Government – Economic Development Forum





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