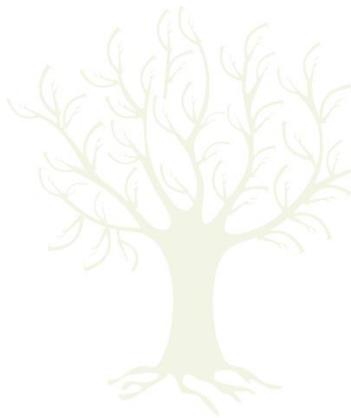


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# *Board Member Orientation Guide*

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Western Economic  
Diversification Canada

Diversification de l'économie  
de l'Ouest Canada

Canada

This initiative is supported by Western Economic Diversification Canada

## INTRODUCTION

### Welcome to Community Futures

The purpose of this guide is to give you some insight into the key roles and responsibilities of a volunteer Community Futures Board Member and the functions of the Staff of the Community Futures Development Corporation.

The Community Futures Development Corporations (CFDCs) and the Community Futures (CF) initiative started in 1986 and receives core funding through Western Economic Diversification Canada. CF is a community economic development initiative that is managed by a community representative Board of Directors. The focus of CF is to build community economic and entrepreneurial capacity, with an emphasis on long-range strategic planning and results. CFDCs are proactive, locally autonomous, and non-profit organizations that are working hard to mobilize their communities to achieve stronger, more sustainable futures.

This guide will explain some of the terminology you will hear over the next few months, and hopefully will give you a better understanding of what will be required of you as a volunteer Board or Committee Member of a Community Futures Development Corporation. You will play an important role in your community's economic development, a role that has been extremely gratifying to those who have gone before you.

## COMMUNITY ECONOMIC DEVELOPMENT (CED)

### What is CED?

Community Economic Development is a community-controlled process of local/regional revitalization. It is a perspective which makes the community the foremost player in its growth or renewal.

CED focuses on the economic, social, cultural, environmental, and educational needs of a community as a whole, for all of these needs must be addressed if the community is to develop and still maintain its quality of life.

CED emphasizes that the people of a community should be directly involved in pursuing and managing their own economic development. It recognizes that different regions have different needs and opportunities and that all economic development must be charged with local community-led planning and implementation.

CED is driven by a community-based, bottom-up approach to economic development.

## **What role does a CFDC play in CED?**

Community Futures Development Corporations, through their Strategic Planning, determine the role they will play in CED in their communities. For example, they may decide to be the leaders; or the facilitators; coordinators; partners, etc. The CFDC has many “tools” which they can use to affect CED within their area. These tools can include such resources as a loans portfolio, technical support, business counseling, training programs and project development.

## **Why is CED needed?**

The principles of CED require that residents get together to confront important issues affecting the quality of life in their community. Using those principles, CFDCs assist in job creation, wealth creation, value-added activities, business and cooperative development, and enhanced viability for the community, region, and province.

## **What are the objectives of CED?**

- Diversifying the local environment
- Reducing economic vulnerability
- Making the community more competitive
- Improving existing infrastructure
- Replacing declining business and industry sectors
- Reducing the out-migration of youth by providing job opportunities in the community
- Enhancing the investment and entrepreneurial environment
- Building capacity within the community by developing people and organizations capable of managing positive change

## **What are the key issues?**

- Commitment to the role of volunteers
- Sustainability and stewardship
  - sound resource management and environmental protection
- Strategic planning
  - a guide for development efforts
- Businesslike Attitudes
  - recognize the importance of market-driven enterprises, profitability and long-term viability
- Entrepreneurial Attitudes
  - the private sector in the main engine of real economic growth
- Emphasize Changing Knowledge-based Economy
  - to remain viable in the new economies, industries must become knowledge-based and innovative

- Human Resource Development
  - education and training must be consistent with the strategic economic plan of the community
- Modern Telecommunications
  - modern communication tools enable people to become knowledgeable and well informed about new economic activities
- Global Outlook
  - “think globally and act locally”
- Partnerships
  - the key is partnerships among communities, agencies, government, and business
- Commitment from Government
  - rather than being regulators and deliverers of programs and services, government officials and agencies play a developmental and supportive role in community-based initiatives

## ACCOUNTABILITY

### **What is Community Accountability?**

Community accountability is a fundamental principle of community economic development. Without accountability to the community, the community economic development process and the organization leading this process will not reflect the needs and vision of the community.

### **Why have it?**

Without community accountability, the community itself is not a full participant in the realization of the community’s long-term vision. The Community Futures Development Corporations across Western Canada understand this and are committed to being accountable to their communities. The business plans written by each CFDC clearly demonstrate active consultation with the community through a variety of mechanisms ranging from town hall meetings to client services feedback tools such as surveys and data bases.

Community accountability is comprised of the following six general areas:

- Communication
  - “The organization will maintain a highly visible profile and will regularly and clearly communicate its plans, activities and results.”
- Planning
  - “The organization’s vision, strategic and operational plans are fundamentally driven by its communities’ needs and realities.”
- Programs and Services
  - “The Programs and Services are designed and delivered in a manner which meets the communities’ needs, creates self reliance and increases the capacity to manage change.”
- Governance

- “The organization will be governed by the communities through a system which is effective, equitable and representative of the developmental interests and needs of the communities.”
- Partnership Development
  - “The organization will work through partnerships in order to strengthen the impact of its community development activities, streamline access to services and contribute to cost effectiveness.”
- Assessment
  - “The organization will regularly assess and communicate the impact of its activities on the life of the community

## Planning

In the Community Futures initiative there are two types of planning: strategic and operational. Strategic Planning envisions the future of the community and then plans how the CFDC can assist in making that vision a reality. Operational Planning organizes tasks, allocates funds, etc. to achieve the goals of the Strategic Plan.

### **What is strategic planning?**

A strategic plan is a living document that is used to establish the direction of Community Futures Development Corporations and to guide their activities and initiatives. It is not a “one shot deal” that is completed and placed on the shelf. Rather, the success of the CFDC is dependent on planning being an ongoing process.

### **What is operational planning?**

Operational planning requires a more detailed approach. It usually involves an annual reassessment and retooling of activities within the strategic plan. This process does not focus on recreating the strategy, but rather involves adjusting or reworking the actions to best achieve the long-range objectives.

### **How often do planning sessions take place?**

While it is critical that operational planning meetings are held on an annual basis, strategic planning sessions need only be held every two or three years. It is essential that all board and staff members attend all operational and strategic planning sessions.

## **Who conducts the sessions?**

It is preferable that these sessions are facilitated by an outside party as this ensures that all staff and board members are able to participate fully.

## **What does a strategic planning session look like?**

Strategic planning sessions generally contain the following elements (not necessarily completed in this order):

- Visioning exercise
- Developing a mission statement
- SWOT (Strengths/Weaknesses/Opportunities/Threats) analysis
- Key results areas/strategic initiatives
- Goals and objectives
- Action plans and task assignments
- Measurement and evaluation

Prior to the planning session it is important that all participants are familiar with the political, economic, social and technological circumstances of their CFDC area and the various communities within it. This information can usually be obtained in Community Profiles available through local economic development agencies, town/village councils, or local libraries.

Strategic Planning sessions are usually done over a 48 hour period.

## **What do operational planning sessions look like?**

Operational planning meetings are generally more focused and are held on an annual basis. They concentrate on the following:

- Evaluation of previous period
- Revisiting the goals
- Reviewing and resetting objectives
- Reviewing and reworking action plans
- Reassigning tasks if necessary

## **COMMUNICATIONS**

All CFDC Board Members are responsible for ensuring the CFDC has a Communications Policy. Those organizations that have clear, consistent communications strategies that promote their vision, mission and values will earn public respect and support. Strategies should explain the role each member plays in communications and how he or she can serve as visionaries, advocates and spokespersons for their organization.

## **What are some elements of “Communication”?**

The following activities generally make up a communications “strategy”:

- Media Relations:
  - Proactive and ongoing contact with members of the media who cover the organization and its issues.
- Marketing:
  - Using ‘tools’ to promote ideas or services to targeted audiences. (Such as paid advertising, direct mail outs, signage, etc.)
- Community Relations:
  - Identifying community leaders and delivering the CFDC message in person, through letters, luncheons, focus groups, speeches, joint partnerships, etc.
- Government Relations:
  - Keeping funding agencies and other potential government partners informed of activities.
- External Communications:
  - Communication with community members, partners, and prospective Board Members through annual reports, programs and services brochures, newsletters and press clippings.
- Internal Communications:
  - Keeping the Board, staff and other volunteers informed about operations, programs and issues. This is accomplished through Board meetings, staff meetings, informal briefings and retreats.

## **What information can’t be released?**

Board Members must at all times respect the CFDC client’s right to privacy. No information regarding a client (or personal information regarding a Board or staff member) can be released to ANYONE without their written consent.

Board Members should also be aware that it is important to check with the Chairperson regarding the CFDC’s policy on release of information about the financial or personnel policies or issues. This guideline would also apply before discussing these issues in the public domain. While all CFDCs are accountable to their communities, it is also important that the Board of Directors, as a whole, makes the decisions on the format in which information is released.

## **What are some communication guides for board members?**

1. Know the facts and tell the truth
2. Know when to be silent
3. Be proactive
4. Know your audience
5. Learn how to listen and then share feedback
6. Be consistent and succinct
7. Don’t confuse tactics with strategy
8. Become a media source
9. Build goodwill and create new forums

## 10. Put issues in context

The most important role Board Members can perform is to provide perspective for the organization. The bottom-line is that they must continually simplify the organization's message to ensure that it is clear and convincing.

# OPERATIONS

## What does a CFDC do?

CFDCs provide their communities with a variety of services including:

- Making business development loans
- Delivering a wide range of programs
- Establishing community partnerships and strategic alliances
- Initiating and implementing a diverse range of community projects
- Operating a Library/Resources centre
- Providing technical support, training and information

It is essential that new board members become fully versed in the services provided by their CFDC.

## What are the roles and responsibilities of individual within the organization?

For most non-profit societies there is a clear organizational separation between the paid staff who run the day-to-day operations and the members of the volunteer board who establish the strategic directions of the organization and govern its operation. Board Members need to be aware of the roles and responsibilities within the organization.

## How is the CFDC organized?

There are a number of requirements necessary for the effective operation of a CFDC. The most important legal and organizational tool for the CFDC is a comprehensive set of bylaws which elaborate on the organization's articles of incorporation.

## Articles of Incorporation (also known as the Corporate Charter)

Constitutes the basic organizational document for a non-profit corporation. They typically contain a statement of purpose and outline legal authority and limitations. As well, the article contains governance provisions (e.g. How to select Board Members).

## Bylaws

Help establish the “internal law” of the CFDC. An effective set of bylaws are essential for ensuring good governance. The bylaws typically elaborate further on the corporate charter because they are more easily revised.

Because the organization documents provide basic rules for governing a CFDC, it is essential that each Board Member be very familiar and act in accordance with them. As well, the CFDC should revisit organizational documents periodically to determine their appropriateness to current needs.

## Contracts

CFDCs are also bound by the contracts they sign with their funders (e.g. Western Economic Diversification Canada, Human Resources Development Canada), and Board and Committee Members should be aware of this responsibility. As well, individual CFDCs may have special projects which require that contract be signed with other government and non-government agencies.

## PARTNERS

### Federal

Community Futures Development Corporations are integral partners in the Western Economic Diversification network. Other partners include:

#### **Business Service Centre:**

Business Service Centers are a one-stop location for a wide range of assistance and information. They are fully equipped with computer systems linked to other federal government departments to ensure rapid information service. The help they can provide includes:

- Path finding and providing information about government programs, federal and provincial, in support of small and medium sized businesses.
- Providing information on trade, market opportunities, the economy and other material of interest to small and medium sized businesses, including locally tailored databases.

#### **Women’s Enterprise Initiative:**

Funded by Western Economic Diversification Canada, the Women’s Enterprise Initiative provides business information and services specifically aimed at women entrepreneurs. Women entrepreneurs play an important role in the creation and operation of small businesses across Canada, yet often face barriers and disincentives.

Western Diversification is attempting to remove some of the barriers which exist for women in business by supporting this important program.

Each western province has set up its own component. The non-profit groups offer access to a loan fund, advisory services, and path finding to existing services.

### **In addition to the above:**

CFDCs have negotiated numerous partnerships with a wide range of other agencies including:

- Provincial Government ministries
- Crown Corporation
- Private sector corporation
- Community group and other NGOs

## **THE BOARD**

### **Who are the volunteers and what are their roles?**

- **Chair:**
  - The role of the Chairperson, in essence, is to act as the “Chief Volunteer” for the organization. With the Board of Directors and the staff, the Chair works to achieve the CFDC’s Mission. The Chair often acts as a mediator of board actions with respect to organizational priorities and governance concerns, and plays a leadership role in the organization.
- **Vice-Chair:**
  - Acting as a support person for the Chair, the Vice-Chair’s responsibilities often go unnoticed. He or she generally chairs one or more sub-committees as well as any regular board meetings the Chair is unable to attend.
- **Secretary & Treasurer:**
  - While some organizations have two separate offices for Secretary and Treasurer, many CFDCs have combined the office. Secretarial responsibilities include keeping records of board actions, as well as ensuring that corporate records are maintained. Treasurer duties include chairing the finance committee, assisting in the preparation of the budget, helping develop fundraising plans, and making regular reports to the Board.
- **Board Members:**
  - Board Members provide governance for the organization, represent it in the community, and ultimately, accept legal responsibility for it. Board Members act on behalf of the CFDC’s constituents - the citizens of the community. As a result, they have the principal responsibility for carrying out the organization’s mission and strategic objectives. Board Members accomplish their functions through attendance at regular meetings plus participation on committees and sub-committees. Board Members are charged with four phases of organizational development: planning, organization, operations, and audit/evaluation.

### **What are committees and sub-committees?**

Committees are the primary way for organizations to engage the direct contribution of their Board Members. Committees are delegated authority by the Board and thus are responsible to the Board. They do much of the preliminary work (e.g. research) to take pressure off the Board and staff.

The Committee/Sub-committee is responsible for the following activities:

- To study and report
- To recommend
- To act and
- To promote

Committees or Sub-committees common to many CFDCs include:

- Executive Committee
  - Made up of Chair/Vice-Chair/Secretary/Treasurer
- Credit/Lending Committee
  - Five (5) members who are appointed by and reporting to the Board of Directors for an indefinite term.
- Human Resource Committee
  - Four (4) members who are appointed by and reporting to the Board of Directors for an indefinite term.
- Policy and Procedure Committee
  - Three (3) members who are appointed by and reporting to the Board of Directors for an indefinite term.
- Other Committees as required may be appointed from time to time.

## THE STAFF

### What are the key functions of the staff of a CFDC?

While each organization may be formally structured in many different ways, the key functions and responsibilities of staff remain fairly constant. They key functions are:

#### **Supervisory/Office Management:**

- Management of the day-to-day operations, including the supervision of all staff and hire contractors
- Consultation with the Chair and Board to ensure that the mission and strategic objectives of the CFDC are being met

#### **Community Economic Development:**

- Fostering partnership in the community
- Assessing and evaluating the CFDC role in the community and reporting this position to the Board

#### **Programs:**

##### **Business Loans:**

- Administering a variety of loans programs
- Reporting to the General Manager and working directly with Community Futures clients and local financial institutions

**Special Projects:**

- Researching, developing and implementing a diverse range of community projects

**Technical Support Training and Information:**

- Working with Community Futures clients and potential clients to help write business plans, conduct feasibility studies, offer training workshops, and provide access to a multitude of information resources

**Clerical/Reception:**

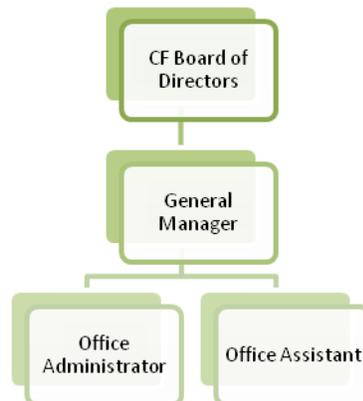
- Clerical, secretarial, and office support functions

**Bookkeeping:**

- Program bookkeeping, record keeping, office accounting and financial reporting

## What are the key staff roles?

It is likely that employees within a CFDC will have more than one function. Below is a sample organization chart for a CFDC.



## FINANCES

### What role does a board member play?

As a volunteer Board Member it is your responsibility to protect the integrity of the organization's finances. This means that you must ensure there are adequate finances and the money is spent responsibly. All policies and plans must be assessed against the availability of funds, and decisions made must guarantee the money is well spent.

### What does a board member have to do?

There are three major financial responsibilities of the Board:

- To set financial policies
- To delegate implementation of policies to Manager/Staff
- To monitor and measure results of spending

## **How are financial policies set?**

Boards of Directors set broad financial policies, such as identifying where they want the available funding and revenues earned to be allocated. In order to set budgets and approve any spending they must first define the mission and establish the goals and objectives for the organization. This ensures that there is money set aside to meet those goals.

## **What is meant by “delegation” to staff?**

As a Board Member you are a “trustee” of the organization’s money. However, this does not mean you must approve every expenditure. Rather, you need to know the money was spent effectively to deliver the products and services you have authorized. This can be achieved through regular attendance at Board meetings and by having a clear understanding of the monthly financial reports presented by staff.

## **How to monitor and measure?**

In order to ensure that a Board Member is aware of the results of expenditures, some key questions need to be asked. They are:

- “Are we on target with planned expenses and revenues?”
- “Are we financially solvent?”
- “Will we have income to meet future expenses?”

The answers, in conjunction with the monthly financial reports, will indicate if the financial forecasting is on target or requires adjustment. Budgets set out at the beginning of the fiscal year will generally require several minor adjustments, as a result of unexpected expenses or increases in revenue.

As well, government requirements are that each CFDC must be audited on an annual basis.

## **LEGAL LIABILITIES**

### **What are “legal liabilities”?**

To accept a position on a Board of Directors of the CFDC is to accept responsibility for its administration, assets, liabilities, contracts, and overall policies.

A volunteer Director must fully understand his or her role and responsibilities. The legal duties are clearly outlined in the Act under which your CFDC was incorporated and state that Directors SHALL:

1. Act honestly and in good faith and in the best interest of the Society (or Corporation)
2. Exercise the care, diligence and skill of a responsible prudent person in exercising powers and performing functions of a Director

## What is “legal risk”?

The main areas of “legal risk” are:

### **Funds**

- A Director must be satisfied that an adequate system exists for the control of all funds

### **Wages**

- A Director can be personally liable for unpaid staff wages should the organization become insolvent

### **Negligence of Staff**

- For example, in operating a motor vehicle or negligent maintenance of premises
- Requires that a Director is confident there is adequate insurance in place

### **Contracts**

- A Director must ensure the by-laws clearly define who can commit the organization to expenditures and obligations under contract

### **Disclosure of Interest**

- A Director must disclose any conflict of interest, whether direct or indirect in a proposed contract or transaction

### **Assets**

- A Director should be satisfied there is insurance to cover the buildings and equipment of the organization

### **Delegation**

- A Director may delegate authority to staff but CANNOT delegate responsibility

### **Fulfilling Government Requirements**

- A Director can be liable for non-compliance with government regulations

## How can risk be avoided?

In order to minimize risk, Directors should get to know the people involved with the organization; be aware of the people involved with the organization; be aware of the constitution and by-laws; and have a working knowledge of what is “going on” in the organization. Directors should regularly receive and review financial and activity reports, policies regarding employment practices, and contracts.

## What about insurance to cover liabilities?

Each organization must have insurance in order to protect Directors against personal liability and all Directors should be cognizant of the coverage which their organization has. It is also important to know exactly what is and is not covered. Generally, Directors Liability policies do not cover such things as libel and slander, personal gain found to be illegal, dishonesty of Directors, and improper reimbursement.

By attending Board meetings on a regular basis, reading all minutes, reports, and publication, becoming familiar with the organization's goals, objectives, programs and projects, and knowing the budget process and financial situation, volunteer Directors can reduce or eliminate the possibility of any legal action against the organization or themselves.

## **BOARD OF DIRECTORS MEETINGS**

In keeping with the Bylaws of Prince Albert & District Community Futures Development Corporation, the Board of Directors shall hold board meetings according to the specific policy herein stated.

1. Regular meetings of the Board shall be held at least four (4) times in each year. These shall be held on the last Tuesday of the month, unless changed by a Board motion.
2. The date, time and place of regular meetings shall be decided by a resolution of the Board.
3. The General Manager of the Corporation shall assure that the Board members have at least forty-eight (48) hours notice for regular meetings. The Board members are responsible for notifying the General Manager of any change in address for the purpose of receiving a notice.
4. Special meetings of the Board may be called by the Chairperson of the Executive Committee.
5. The General Manager shall give at least forty-eight (48) hours written notice of special meetings, and the notice shall state the business to be dealt with at this special meeting. For special meetings, a confirmation of attendance from a majority of board Members may be obtained by other means of communication. A written notice of special meetings may be waived only by contacting Board Members where possible and obtaining the agreement of a simple majority of the Board members.
6. No business other than so stated in the notice may be dealt with at a special meeting of the Board and no meeting shall be held without a quorum in attendance.
7. A simple majority of members of the Board shall constitute a quorum at any meeting of the Board and no meeting shall be held without a quorum in attendance.
8. Everything meeting shall have an agenda, every effort shall be made to prepare and make available minutes of the previous meeting in advance of the next meeting.
9. The normal order of business for regular meetings shall be as follows:
  - a. Call to order
  - b. Additions to the agenda
  - c. Approval of the agenda
  - d. Approval of minutes of the last Board meeting, errors or omissions
  - e. Business arising from the minutes
  - f. Executive summary: General Manager's Report
  - g. General Manager's Discretionary Limit Report
  - h. Financial Information: Revenue and Expenditures
  - i. Loans Committee Report
    - i. New loans approved
    - ii. Arrears
    - iii. Paid in full loans
    - iv. General
  - j. New business
  - k. Correspondence
  - l. Date and time of the next Board meeting
  - m. Adjournment

10. Robert Rules of Order or any other recognized Rules of Order, as agreed upon by the Board, shall govern the proceedings of all meetings
11. Subject to the Bylaws, every member of the Board present at the meeting shall be entitled to vote on all motions

## **Committees of the Board**

The Board of Directors shall strike the following Committees – Executive Committee, the Credit/Lending Committee and other committees as required.

## **Annual General Meeting (AGM)**

The Annual General Meeting will be held during the month of June by no later than the third Tuesday of the month and will be held in conjunction with the regular June Board meeting. The third Tuesday meeting date is essential to not interfere with High School Graduation for quorum purposes.