

March 31, 1999

**CARD Councils: *Capabilities Assessment
Instrument and Guide***

Purpose and Use of the Capabilities Instrument

Some of the objectives the capabilities assessment instrument is intended to do:

- Assist CARD councils in identifying and understanding capabilities required for effective leadership and governance of the councils;
- Assist CARD council boards, committees and management in understanding their roles and responsibilities and in working together effectively;
- Assist CARD councils in ensuring the accountability of the board and executive, in self-assessment, in identifying areas of strength where capabilities could be shared with other councils;
- Assist CARD councils in improving capabilities and governance, through benchmarking and communicating;
- Assist stakeholders, including the government, to understand how CARD councils can best operate and to evaluate different approaches to leadership and governance;
- Assist CARD councils in evaluating their performance and reporting to stakeholders, including government and members.

This instrument uses a principle-based governance framework. The capabilities contained in this instrument are grouped under six basic principles of good governance developed by the Conference Board of Canada from research on the governance practices of private and public sector organizations.

Some ideas for actually using the capabilities assessment instrument:

- Select one person who will lead the assessment process (e.g. internal: a council board member, not normally either the chair or executive director; external: an auditor)
- Receive appropriate background information familiarizing board member with capabilities framework and assessment instrument
- Gather all relevant council by-laws, plans, policies, reports, etc.
- Meet one-on-one with each council member, including the chair and executive director, and ask each question
- Collect brief, top-of-mind responses, and at the end of each capability, using these responses as a guide, ask the participant to rate the council's capabilities in this area on a scale of 0 to 5: e.g. "How well ..."
 - 0 = not at all; nothing being done in this area
 - 1 = not well; improvement definitely needed
 - 2 = somewhat; improvement required
 - 3 = moderately well; satisfactory
 - 4 = quite well
 - 5 = very well; no improvement required
- Assemble all of the questionnaire results together, group them and summarize the findings for the board and executive director (eliminating any reference to individual respondents)
- Have a full discussion of the results at a board meeting, including a consensus rating of each capability by the council as a whole
- Summarize the findings and resultant actions in a report to the government (federal; and other external stakeholders as the board decides)
- Use the results and the responses to improve practices and to share best practices with others (be constructive and positive!)

Principle 1

Leadership and Stewardship

- Strategic leadership, direction and planning: from vision, mission and mandate to strategies and actions
- Shepherding, safeguarding and accounting for resources belonging to others (e.g. public trust)
- Composition, skills and representation: identifying and recruiting the right people for board & executive

This capability means the ability to establish a clear sense of purpose, and direction. The board of the CARD Councils should explicitly assume responsibility for the stewardship of the corporation. As part of the overall stewardship, these leaders should assume responsibility for setting the strategic direction and adopting a strategic planning process. Ultimately, these leaders must ensure that all of the activities of the Council, including its projects and its staff are aligned with and work toward the accomplishment of both the public policy mandate and the strategic vision and mission of the council.

1.1 Capability 1: Ability to Establish a Clear Sense of Purpose and Direction	0 1 2 3 4 5
1. Is there a vision/mission statement for the council?	Yes/No
2. Do you think the council is “living the vision” (or mission)?	Yes/No
3. Why/why not?	

4. How well does the board ensure that “public policy” is reflected in the council's business plan and priorities?	0 1 2 3 4 5

This capability means the ability to oversee management and control of resources. The board should ensure that the principal risks of the Council's business are identified and that appropriate systems to manage those risks are implemented. As strategic leaders, the board is entrusted with resources, material, environmental, financial and human and should endeavour to safeguard and shepherd those resources with diligence, care and integrity.

1.2 Capability 2: Ability to Oversee Management and Control of Resources	0 1 2 3 4 5
1. How confident is the board in the council's financial management and control?	0 1 2 3 4 5
2. In the delegation of authority and decision-making?	0 1 2 3 4 5
3. In identifying and managing strategic business risks (not project risks)?	0 1 2 3 4 5
4. How well does the board ensure all assets, funds and investments, are controlled prudently and used responsibly?	0 1 2 3 4 5
5. In the public interest?	0 1 2 3 4 5

This capacity means the ability to encourage best mix of board members. The composition of a board is important, since chemistry and character will contribute to unity, perhaps the single most important and elusive component of board effectiveness. Choosing the best individuals to lead is where good governance begins. The key objectives of the renewal process are: ensuring effective succession planning and board renewal; discerning the right mix of desired and needed qualities in leaders; locating individuals with this mix of experience, skills and personal qualities; ensuring the association is in the mutual interest of the individual and the Council; ensuring that the Council can function independent of management and the government; gaining strength from a diversity of leaders from different industry, regional and member groups.

1.3 Capability 3: Ability to Encourage Best Mix of Board Members	0 1 2 3 4 5
1. In general, how knowledgeable are existing board members?	0 1 2 3 4 5
2. How experienced?	0 1 2 3 4 5
3. How flexible?	0 1 2 3 4 5
4. How available?	0 1 2 3 4 5
5. How proactive?	0 1 2 3 4 5
6. How professional?	0 1 2 3 4 5
7. How are needed skills recruited to the board? _____ _____ _____	
8. How well does the board ensure that its membership is sufficiently diverse?	0 1 2 3 4 5
9. In your opinion, what are the top 3 criteria used in selecting new board members? (Circle: geographic, gender, culture, experience in industry, experience on boards, sector, industry, government, commodity, producers, processors, representation, skills specific to board, political affiliation _____)	

Principle 2

Empowerment and Accountability

- Delegating and delineating authority: the right people doing the right things at the right times
- Functioning and decision-making: who does what, how and why?
- Tying performance evaluations and accountability mechanisms with key objectives and expected results

This capability means ability to articulate right roles and responsibilities. Many boards are now routinely examining and formalizing roles and responsibilities of directors and Executive Directors. Better performance and stronger boards are reflective of many corporation that have succeeded in implementing assessment and evaluation systems. Identifying the ongoing specific responsibilities and goals to be assigned to the Executive Director, Chair, board and committees is the crux of this process. Components of the most successful of these systems are: formal position descriptions or terms of reference for the board, committees of the board and the Executive Director; formal performance evaluations; measuring actual results against expected standards, and; re-appointing and/or compensating based on these results.

2.1 Capability 1: Ability to Articulate Right Roles and Responsibilities	0 1 2 3 4 5
1. Is there a clearly written position description the executive director?	0 1 2 3 4 5
2. Are there clearly written terms of reference for the board?	0 1 2 3 4 5
... the chair?	0 1 2 3 4 5
... board committees?	0 1 2 3 4 5
3. What committees do you use & why?	

4. How well does the board ensure that every one (board, chair, committees, executive director, members and government) understands and accomplishes what is expected of them?	0 1 2 3 4 5

This capability means ability of board and management to function effectively together and to make decisions wisely. Good governance of the Council requires that the board meet regularly as these meetings are the main forum for fulfilling board responsibilities. This puts tremendous emphasis on having excellent communication, optimal use of committees, integrity of information and trust in the people and processes.

2.2 Capability 2: Ability of Board and Management to Function Effectively Together and to Make Decisions Wisely	0 1 2 3 4 5
1. How effectively does the board function?	0 1 2 3 4 5
2. How wise are its decisions?	0 1 2 3 4 5
3. How transparent (open to public view)?	0 1 2 3 4 5
4. How often does the board meet?	/year
5. How long are the meetings?	hours
6. How strategic?	0 1 2 3 4 5
7. How well does the board work with the executive director?	0 1 2 3 4 5
8. How well does the board fulfil its role to empower and enable the E.D.?	0 1 2 3 4 5
9. How does the board ensure that effective management is in place?	

This capability means the ability to ensure accountability of the board and management. With authority comes responsibility. With responsibility comes accountability. The other side of the empowerment coin is that boards not only receive and accept responsibility, but they must also give authority and responsibility. Boards receive their authority from the shareholder and they are accountable to them. Executive Directors receive their authority from the board. In turn they must accept their responsibilities and resultant accountabilities. This means Councils must have processes in place to measure results against performance both corporately and individually. Once measured, Councils will want to conduct frequent, consistent and disciplined follow-up to ensure that change and improvement is implemented thus ensuring accountability.

2.3 Capability 3: Ability to Ensure Accountability of the Board and Management	0 1 2 3 4 5
1. How well does the board ensure accountability to government(s)?	0 1 2 3 4 5
... and members (agri-sectors or agri community)?	0 1 2 3 4 5
2. Do you do formal performance evaluations of the board?	Yes/No
... executive director?	Yes/No
... the chair of the board?	0 1 2 3 4 5
3. How well do these reflect the key expectations and goals?	0 1 2 3 4 5

Principle 3

Communication

- Understanding: obtaining information from governments, members, management and others
- Communicating effectively with members, applicants, governments, management and others
- Reporting: disclosure of information to governments and members ("owners" or major stakeholders)

This capability means the ability to collect information with integrity. Functioning as a board and taking responsibility for corporate governance requires timely, accurate and useful information that can be relied on. This is especially important in the area of verifying the integrity of information through internal and external audit processes. For this reason it is essential that the board of directors ensure that an appropriate system exists whereby they receive necessary information. The information needs of the board are another area in which effective relationships between board, management, members, stakeholders and government are critical.

3.1 Capability 1: Ability to Collect Information with Integrity	0 1 2 3 4 5
1. How well does the board ensure the integrity of council's records and reports?	0 1 2 3 4 5
2. How well does the board understand the expectations of . . . governments?	0 1 2 3 4 5
. . . members?	0 1 2 3 4 5
. . . potential applicants?	0 1 2 3 4 5
3. How does the board assure itself that it is avoiding duplication with other programs, e.g. national, provincial, companion or other councils?	

This capability means the ability to effectively communicate—two-way and proactively. The commitment and trust of all parties are needed to establish good communications in both directions between board and management, members, stakeholders and government. Pro-active giving and obtaining of information is integral to ensuring effective, useful communication. The board should be able to obtain any extra or special information it deems necessary. Conversely, it should be able to communicate extra or special information. Boards should periodically assess the access, quality, integrity and general information needs of the council.

3.2 Capability 2: Ability to Effectively Communicate – Two-way and Proactively	0 1 2 3 4 5
1. Do you have a proactive, two-way communications plan?	Yes/No
2. How effectively does the board communicate with potential applicants?	0 1 2 3 4 5
. . . the public?	0 1 2 3 4 5
. . . members?	0 1 2 3 4 5
. . . governments?	0 1 2 3 4 5

This capability means the ability to effectively report—transparency, clarity and accountability. Communication is central to corporate life and information is its currency. Information and communication are what allows corporations to function. This means having the right information available for the right people at the right time, in the right place and using the right dissemination method. The communication mechanisms used—for example, annual reports, reviews, newsletters, brochures, intranets, web sites, press releases—should provide shareholders, customers, employees, communities and other stakeholders with information necessary for their own particular needs. For communication to be effective, four key ingredients have to be present: Clarity; Simplicity; Transparency; Fairness.

3.3 Capability 3: Ability to Effectively Report – Transparency, Clarity and Accountability	0 1 2 3 4 5
1. In what ways does the board regularly monitor performance and report to the government and members?	

2. How well do you ensure the council meets the high public standards for openness?	0 1 2 3 4 5
3. How well does the board ensure reporting is transparent?	0 1 2 3 4 5
4. Credible?	0 1 2 3 4 5
5. Timely?	0 1 2 3 4 5

Principle 4

Social Responsibility and Service

- Excellence and fairness in internal and external service: basic values and minimum standards
- Achieving social and public policy objectives, including conduct, ethics, confidentiality, trust, health and safety
- Community economic development in an environmentally sustainable way

This capability means the ability to deal fairly with applicants, staff and others. A service culture framework places emphasis on treating the people fairly at the point of initial contact. Whether to shareholder, customer, employee or stakeholder alike, service encompasses all corporate activity. When an employee works on a project they are serving the customer. When an executive director prepares a briefing package for the board of directors they are serving the board. When a board completes a comprehensive human resource policy they are serving the employees. Service is fundamental to corporate success. Articulating formal service standards will assist the Council in ensuring an appropriate service culture both internal and external to the Council.

4.1 Capability 1: Ability to Deal Fairly with Applicants, Staff and Others	0 1 2 3 4 5
1. How fair are the council's processes and operations?	0 1 2 3 4 5
... Flexible?	0 1 2 3 4 5
... Impartial?	0 1 2 3 4 5
... Timely?	0 1 2 3 4 5
... Open?	0 1 2 3 4 5
2. Is there appropriate redress/appeal?	Yes/No
3. How well does the board ensure objectivity and consistency in approach from applicant to applicant, and meeting to meeting?	0 1 2 3 4 5

This capability means the ability to conduct business ethically and professionally, with integrity, in the public interest. It goes without saying that boards should ensure the ethical, professional conduct of the Council and its business. Ensuring that board and staff function with integrity and ethics is a board responsibility. Many boards formalize codes of conduct and conflict of interest policies that include policy on the steps to take in a breach of ethical conduct or a conflict of interest, to ensure that exceptional levels of integrity are reached.

4.2 Capability 2: Ability to Conduct Business Ethically and Professionally, with Integrity, in the Public Interest	0 1 2 3 4 5
1. Do you have Conflict of interest guidelines (for the board)?	Yes/No
. . . a code of conduct or ethical behaviour (for the Council)?	Yes/No
2. Do you know what steps to take in case of non-compliance?	Yes/No
3. How well does the board ensure a high level of values?	0 1 2 3 4 5
4. That the council acts in the public interest?	0 1 2 3 4 5
5. How well does the board work with two levels of government?	0 1 2 3 4 5

This capability means the ability to promote sustainable development of communities balanced with environmental best practice. One trend in corporate boardrooms is to consider good corporate citizenship, or serving the community, as a strategic objective directly linked to the accomplishment of the overall mission of the company. This practice assures government, communities and the public of alignment of corporate practice with their expectations and needs. Elements of social responsibility include investment in community outreach, employee relations, creation and maintenance of employment, environmental responsibility and financial performance. As well, boards should put processes in place ensuring they contribute to improved environmental sustainability and self-reliance of industry/communities.

4.3 Capability 3: Ability to Promote Sustainable Development of Communities Balanced with Environmental Best Practice	0 1 2 3 4 5
1. How well does the board contribute to improved self-reliance of industry/communities (e.g. their reduced dependence on outside funding sources)?	0 1 2 3 4 5
2. What degree of collaborative funding do you require/ prefer in funded projects? Why?	

3. How well does the board consciously consider how each decision affects the environment?	0 1 2 3 4 5

Principle 5

Accomplishment and Measurement

- Aligning performance measures with overarching principles and strategic vision
- Achieving the significant and important strategic objectives of the council
- Accomplishing financial success: effective utilization of funding

This capability means the ability to effectively measure performance. Responsibility for accomplishment and results begins with the board of directors as they oversee corporate performance. Good governance requires that the board of directors ensures that continuous growth is a corporate reality. Most corporate boards measure both financial and non-financial performance. Best practice dictates that boards ensure effective mechanisms for measuring growth that align from the corporate mission down through the entire organization—including the day-to-day activities of every employee. Board measure performance in these key areas: Human Resources; Innovation; Service/Product; Financial; Community; Environment.

5.1 Capability 1: Ability to Effectively Measure Performance	0 1 2 3 4 5
1. What types of non-financial performance measures are used at the board level? (Circle customer, employee, social, quality, community, _____)	0 1 2 3 4 5
2. How well does the board ensure funded programs are achieving council objectives and priorities?	0 1 2 3 4 5

This capability means the ability to accomplish strategic objectives and mission. There is a great deal of truth to the phrase “you get what you measure”. Setting the strategic direction for the council is the first and best opportunity for directors to exercise their leadership role and authority over the enterprise. Setting goals and objectives that align to Councils overall mission is critical. Asking the question “if we accomplish all of our goals and objectives will we have accomplished the mission?” should always be at the forefront of Council activities – from the board to each employee. Ensuring alignment of individual and corporate activities and actions that are clearly and formally recorded, communicated and measured will enable the accomplishment of the mission.

5.2 Capability 2: Ability to Accomplish Strategic Objectives and Mission	0 1 2 3 4 5
1. Does the board regularly monitor progress, and tie it back to strategic objectives and the mission?	0 1 2 3 4 5
2. How well does the board promote and seek out projects that will achieve CARD adaptation priorities? (e.g. growth, expansion, strength, innovation, research, training, management and entrepreneurial skills, diversification, value-added, access to capital, self-sufficiency, jobs, trade)	0 1 2 3 4 5

This capability means the ability to effectively oversee program funding. Fiscal responsibility is a key responsibility area of any board. Council boards have a duty to ensure program funds are disbursed in an effective, cost-efficient, fiscally responsible manner. The greatest challenge is to effectively oversee program funding in a manner that remains strategic and does not involve transactional activities rightly belonging to the Executive Director, staff, internal audit committees or the external auditor. The board should satisfy itself that project milestones and objectives are being met and that contractual safeguards are formally in place.

5.3 Capability 3: Ability to Effectively Oversee Program Funding	0 1 2 3 4 5
1. What steps are taken to ensure program funds are being disbursed in an effective, cost-efficient, fiscally responsible manner, tied to milestones and objectives?	
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2. Are contractual safeguards in place?	Yes/No
3. How well does the board provide oversight to project management, while still staying strategic?	0 1 2 3 4 5

Principle 6

Continuous Learning and Growth

- Being change agents and a learning organization: learning as part of the culture & system
- Excellence in human resources: including recruitment, retention and training
- Promoting research, development and innovation

This capability means the ability to change, improve and to learn from the past. Ultimately, improving our ability to learn throughout our lifetimes will mean higher individual and organizational productivity. Good governance means that this will begin in the boardroom. The board should ensure that key learnings are sought out, analyzed, shared and recorded in order to promote innovation and growth. These can be found in successes and failures, staff suggestions and input, client criticism, disputes and encouragement as well as through the experiences of others boards and councils to name but a few.

6.1 Capability 1: Ability to Change, Improve and to Learn from the Past	0 1 2 3 4 5
1. Does the board review its own functioning and working relationships?	Yes/No
2. Can you think of an example of a change made as a result . . . of a staff suggestion?	Yes/No
. . . of a declined applicant's criticism or dispute resolution?	Yes/No
. . . of another council's learning?	Yes/No
. . . or for the public good?	Yes/No
3. How well does the board promote continuous learning and change in the council?	0 1 2 3 4 5

This capability means the ability to excel in human resources development. Governance guidelines around the world call for orientation, training and development programs to be in place for the board. As well, human resource development extends beyond the boardroom to the management and staff of the council. As strategic leaders, directors should ensure that the human resources of the organization are effectively motivated and encouraged to learn, grow and develop both personally and professionally for the betterment of the individuals and the organization overall.

6.2 Capability 2: Ability to Excel in Human Resources Development	0 1 2 3 4 5
1. Is there a training and development program in place for the board? How does the board encourage the personal and professional development of the executive director and staff?	Yes/No

2. How well does the board promote the development of people in the council?	0 1 2 3 4 5

This capability means the ability to promote innovation. Innovation is at the heart of the CARD program. Adaptation is about change and the ability to innovate and respond to change. This means that research, development and innovation must be captured and promoted at the leadership level. If the leaders do not promote innovation, who will? The Council should have in place a formal process for pro-actively communicating innovations to their members, communities, other CARD councils, government and the public. Leaving a legacy of learning that extends beyond the boardroom will make for lasting accomplishments that boards and directors can be proud of.

6.3 Capability 3: Ability to Promote Innovation	0 1 2 3 4 5
1. How well does the board ensure technology transfer from projects (e.g. a high level of uptake of new tools by adaptation project clients and the agri-food industry)? <hr/> <hr/>	0 1 2 3 4 5
2. What are the innovations beyond the council that you are the proudest of? Why? <hr/> <hr/>	
3. How well does the board pass on its learning to other councils, to communities and governments?	0 1 2 3 4 5