NEWSLETTER

May 2000 - Issue 78

Author: Graham Howe - Ontario Farm Products Marketing Commission

Creation Date: 01 May 2000
Last Reviewed: 01 May 2000

Table of Contents:

Workshop Probes Governance Challenges

When 45 marketing board directors and staff were asked what qualities define great directors, they said, "dedicated, open minded, team player and time commitment."

When asked what challenges face each board of directors, they said, among other things, "growth, improving margins, director turnover, and time commitment."

Many ideas hit the flipcharts responding to these and other discussion topics at a marketing board governance workshop sponsored by OFPMC. The experiences related by individuals were met with nodding heads. It was soon apparent that these similar challenges were mirrored across commodities.

The theme of time commitment wove itself through many of these questions. Should we be a working board or a governing board? How should committees function? How do we get the best out of our staff?

According to Dr. John Carver, in his book, Boards That Make a Difference, "a modern approach to governing will enable a part-time group of people to be an effective board." At the heart of the April 18th governance workshop was the issue of how to do a great job as a marketing board director without making it a new, full time occupation.

The workshop, led by STRIVE!'s Jim Brown and Ralph Kikkert, was an opportunity to question and re-evaluate the process of board governance. Mr.Kikkert reminded directors that, "you have been elected to be on the board not because you are a good producer, but because people think you can provide leadership."

One topic that many shared concern over was time spent on the trivial. How to recognize the agenda items that shouldn't be on the agenda. Items that should be handled by staff guided by board policies. As workshop leaders, Brown and Kikkert pointed out, "the biggest trap for boards is what can be labeled as the tyranny of the urgent. Working boards, in particular, often become so preoccupied with the urgent operational issues that the big-picture planning and leadership rarely gets done. And so, they unwittingly abdicate their responsibility to direct and protect the organization." They say, "its akin to straightening deck chairs on the Titanic. Everything looks fine, but the ship is on a crash course." Their message is to make sure you are providing leadership and vision.

Brown and Kikkert believe you have a choice. As a marketing board, "you must be a governing board, but you have to ask yourselves if you also want to become a working board. Governing boards have authority and set the focus of operations by setting policy. Working boards have authority too but are both deciding and doing." Ontario Soybean Growers' Chair, Ken Bee, said he sees a problem with working boards. "The roles of the board and the staff are unclear. As a consequence, there is a very real risk of being so busy doing, that the board may not do the governing."

The dilemma of being a governing or working board may be harder for small marketing boards to work through because they have few staff. But Brown and Kikkert say a board of directors has to let go of the day-to-day management of the organization, "as soon as the organization has staff. Then it's time to delegate the operations to other people." Focusing on the big picture and delegating implementation to staff should always be the goal.

On the subject of leadership and making difficult decisions, CFO Chair, Tom Posthuma, made this analogy. "Thirty years ago, the government passed legislation to enforce wearing seat belts. A public plebiscite would have probably shown disfavour for this idea. But now, there probably isn't anyone in the room that believes that legislation is bad. They just didn't like the change at the time but it was definitely leadership."

The workshop also analyzed reporting relationships between board and staff as well as board and committees. Many of the comments made by participants echoed the analysis of business consultant, John Carver. "Board committees are to help get the board's job done, not to help with the staff's job. Committees should be established with due care for minimalism. Have no more committees than are absolutely needed." Brown and Kikkert also suggested involving non-board member producers on implementation committees to work with staff instead of board members.

According to STRIVE!, the board's relationship with its CEO/GM should be to establish parameters. This needs to be done through one voice. The boundaries allow the manager, "to use his or her skills and creativity to fulfill the role of manager and ensure the objectives of the organization are achieved."

Rod Stork, Commission Chair, opened the day with reference to John Carver's observation that, "where the opportunity for leadership is greatest, job design for leadership is poorest." At the end of the workshop, the role of an effective board had been worked over pretty well thanks to the participation of directors and staff from 12 Ontario marketing boards and the facilitation skills of Jim Brown and Ralph Kikkert.

| Top of Page |

Empowering Your Board of Directors:
Carver Promotes Policy Power

"The principles of management and governance are closely related. But governance is more than management written in bold text. And it is more than a quality control board of expert managers and technicians running inspections and approvals to maintain order….A modern approach to governing will enable a part-time group of people to lead. They have neither the time, nor the ability to control every action, circumstance, goal and decision. And if, perchance, they did have both the time and the ability, the organization would slow to a halt as they carried out the task. The most expensive resource of the organization, the staff, would be significantly wasted as the official second-guessing process ground on. Boards caught in the trap of acting like staff, as well as boards bewildered by unending details, cannot lead."

Carver argues that the secret to governance lies in finely crafted policy-making. It has been his experience that a simple shift away from detailed and event-specific governance to values and valuing produces a powerful shift in board leadership, "because policies permeate and dominate all aspects of organizational life, they present the most powerful lever for the exercise of leadership."

| Top of Page |

OFPMC May Update:

Dairy Exports
Representatives from Dairy Farmers of Ontario (DFO) and Ontario Dairy Council (ODC) briefed the Commission on the status of their efforts to develop a jointly acceptable milk export program.

While the export market represents only 7% of the volume dairy farmers produce, the market is an important one for processors producing cheese, butter, whole milk powder and evaporated milk.

Most of the over-quota milk used in exported, processed products comes from a great number of producers being over quota by a small percentage. To expand the milk available to processors for exportable products, this large group will have to be attracted, not just a few large farms. The ability to do this may be affected by whatever kind of WTO-compliant program DFO and ODC can develop.

On May 8th, DFO and ODC reached agreement on an export program. Their joint proposal will now be presented to the Department of Foreign Affairs and International Trade. No other province in Canada has yet developed an export program that the federal government feels would be WTO defensible.

Processing Grape Review

Canadian wine exports to the European Union (E.U.) sit at about $1/2 million while Canadian consumers ingest $1/2 billion of wine imported from the E.U. This gigantic imbalance was one of the major challenges cited by the Ontario Grape Growers' Marketing Board when they met with the Commission to discuss operations and strategy.

While Australian wines have successfully penetrated the E.U. market, Ontario has been shut out despite the recognized high quality of our wine.

But another comparison to Australia is probably more important to Ontario's grape growers. Australian growers account for 92% of their home market. At present, Ontario wines claim 41% of their home market.

Foreign-content blending regulations laid out in the Wine Content Act worsen the situation for Ontario grape growers according to the Board. While VQA wines are 100% Ontario product, the blended, non-VQA wines are as low as 30% home grown grapes. The Board says the low requirements made sense in the industry's transition years when old vineyards were being replaced. There just weren't enough domestic grapes so the Act prescribed low content requirements. As of last year, the opposite is true. Ontario has an abundance of grapes with more production coming on stream in the next two years. Raising the content requirements of wine labeled, Product of Canada, to 75% domestic grape content could utilize all these grapes. The present Wine Content Act sunsets in December and the Board is keen to see significant changes, including exact labeling of wines so consumers know what they are buying.

The Board and the Ontario Wine Council have also spearheaded efforts to increase exports and domestically, they are working with the LCBO to increase the promotion and sale of Ontario wines. "Project 50" is one initiative that is a collaboration with the LCBO aimed at helping Ontario wines gain 50% of the Ontario marketplace by year 2004.

Advisory Committees

Appointments were made to the following four dairy committees: Advisory Committee for Milk; Advisory Committee for Transportation of Milk; Advisory Committee of Processors; and the Negotiating Committee for Cream. With the exception of the Advisory Committee of Processors, all committees involve balanced representation from appropriate industry stakeholders. These committees are used to resolve industry issues.

Apple License Fees

Approval was granted to amend Regulation 387 to allow the Ontario Apple Marketing Commission (OAMC) the authority to set their own license fees. OAMC had, until now, preferred to have its license fees published in the Ontario Gazette in order to provide substantive evidence that all interested parties had been notified of the fees. This was for enforcement reasons.

When this change is brought into force in the near future, the Ontario Apple Marketing Commission will be in line with the authorities of other marketing boards.

Apple Commission Name

The Ontario Apple Marketing Commission requested permission to officially change its name to Apple Growers of Ontario. Because OAMC's name appears in the Farm Products Marketing Act, the process of making this name change could take over one year to accomplish. As a consequence, OAMC will consider using the unofficial name in promotions but must continue to use its legal name in other applications.

| Top of Page |

For more information:
Ontario Farm Products Marketing Commission
(519) 826-4220
Email: ofpmc@omaf.gov.on.ca

| Ontario Farm Products Marketing Commission Home Page |

| Central Site | Feedback | Search | Site Map | Français |
| Home | What's New | Calendar | Products | Up One Level |