



Ontario

Ontario Farm Products
Marketing Commission

Newsletter

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Common Sense Resolution: Good Governance Builds Strong Boards

“A committee of four gets a lot accomplished when three don’t show up.” The author of this quip is unknown. The feeling may not be. You may have sat on a dysfunctional committee or board at some time and you consequently know the frustration contained in the quote.

It shouldn’t be this way.

According to governance experts, a board’s strength is actually derived from encouraging diverse viewpoints. The test of a board’s skill lies in being able to get diverse ideas on the table and come to the best possible decision without watering it down to reach consensus or leaving any of the participants feeling wounded by the process.

Governance consultant, Jacques Levesque of Renaud Foster, suggests that building trust and respect within the board and management matures the board so they can embrace diverse opinions and make good decisions. A Board that has constructively managed its culture and protocol is equipped to be “hard on the problems but easy on the people” as the saying goes.

Levesque believes there are ways boards can improve their culture and protocol so they can encourage creative debate and constructive dissent. Speaking from practical experience as a former Chair, Director and CEO, Levesque suggests:

1. Ensuring the GM/CEO understands the role of the Board and is openly supportive of building a healthy governance structure.
2. Providing “in-camera” time for the board to build a relationship of confidence and cohesion.
3. Allowing management to manage, but ensuring the Board tests and questions management’s assertions, monitors progress, evaluates

performance and takes corrective action where warranted.

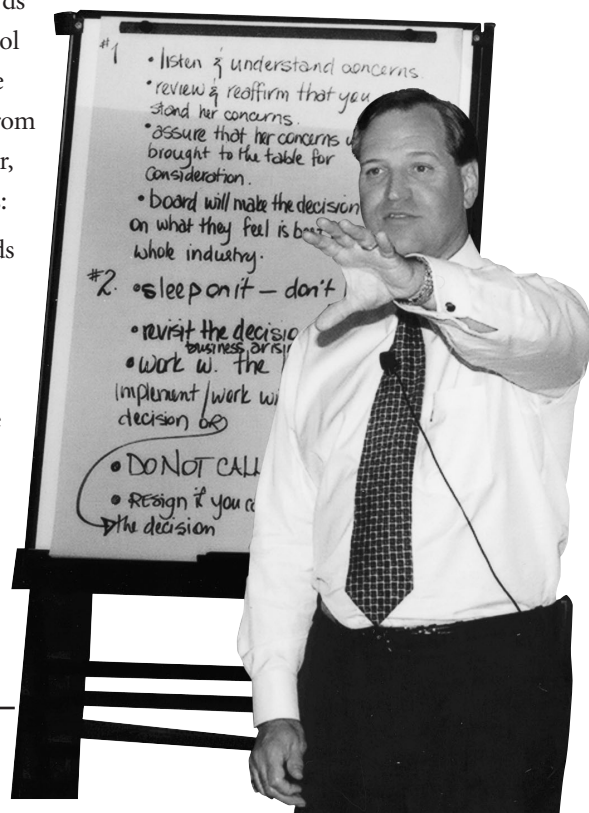
4. Developing a practical focus on protocols.
5. Evaluating the performance of the board and Chair.
6. Reviewing and correcting governance shortcomings.

continued on page 4

In This Issue

Common Sense Resolution: Good Governance Builds Strong Boards	1
OFPMC Business File	2
Director Training “On-Demand”	2
Governance Best Practices Workshop Registration Form	3
Nicolette Novak and Glen Lutz Leave Commission	4

*Jacques Levesque speaking with
directors during last year’s
Governance Workshop*



OFPMC Business File

Grape Governance Changes

The Commission is currently working on a regulatory amendment, which will remove the requirement for a winery-grower director on the board of Grape Growers of Ontario (GGO) as well in the committeemen structure. In association with this regulatory change, the Commission will be seeking to revitalize the Grapes for Processing Industry Advisory Committee to facilitate industry dialogue and co-operation in the grape and wine industry.

The governance structure of Grape Growers of Ontario will also be reviewed in 2004 to ensure that all grape growers and all grape-growing regions across the province are appropriately represented. The improvements to the structure will be in place prior to elections in April, 2005.

Annual Reports

During its February meeting, the Commission discussed the feasibility of amending Regulation 421 to allow marketing boards and associations to

post their annual statement of operations and financial report on their website as an alternative to furnishing copies to producers or publishing the information in a newspaper or magazine.

The Commission examined current practices used by marketing boards and associations. It looked at the extent to which publishing an annual report was financially challenging to boards. The size of the communication cost incurred by boards was dependent on factors ranging from the format of the report itself to how it was distributed. In Ontario, five boards face communicating with 4,000 or more producers while the rest of the marketing boards and associations communicate with smaller numbers of producers.

The Commission encourages boards and associations to be transparent when communicating how producers' licence fees are put to use. In recent years this has included using websites to assist in the communications efforts.

The Commission does not feel that the information technology infrastructure in

rural Ontario is sufficiently adequate at this time to allow all producers to efficiently access annual reports in an electronic format. While the Commission would encourage boards and associations to post reports on their web site as an additional communications vehicle, to rely solely on web sites to disseminate annual reports to all producers is premature.

Coloured Bean Review

The Ontario Coloured Bean Growers Association discussed its current activities and strategies for the future with the Commission during a periodic review held in February. The Association discussed its move to two-year terms for directors from the former annual election process. Since Canada's coloured bean industry is export-based, the Association discussed trade issues ranging from the promotion efforts of U.S. bean producers to a reduction in Mexican tariffs. Joint efforts with the Ontario Bean Producers' Marketing Board were also discussed during the review. ■

Director Training "On-Demand"

If your board has newly-elected directors, you can take advantage of OFPMC's "On-Demand" New Director Training services.

Through the half-day orientation workshop, directors have an opportunity to discuss the board's marketing authorities and its relationship with the Ontario Farm Products Marketing Commission. The fiduciary responsibilities of directors are reviewed along with the particular expectations of your marketing board. Practical governance advice is shared with new

directors to assist them in becoming fully contributing members of the board.

The "On-Demand" workshops are typically held at the director's board office.

If new directors are available from two or more boards, new directors find it beneficial to train together. It gives everyone an opportunity to compare how their respective marketing plans operate and how the boards' governance practices vary.

The board's Chair and General Manager/CEO are invited to actively participate in the agenda for the training session.

For more information, please contact Graham Howe at (519) 826-3404. ■

Members of the Ontario Flue-Cured Tobacco Growers' Marketing Board recently held an orientation session for new directors. Seen here, getting ready for the "Ropes" exercise are: (L to R) Vice-Chair, Linda Vandendriessche; Chair, Fred Neukamm; Stan Symons; Past Chair, Gary Godelie; and Chris VanPaasens.



G o v e r n a n c e B e s t P r a c t i c e s

D i r e c t o r s ' W o r k s h o p S e r i e s

- Thursday, April 29, 2004 from 9:30 a.m. to 4:00 p.m.
- Sponsored by the Ontario Farm Products Marketing Commission
- Presented for Marketing Board Directors and Senior Staff
- \$95 fee includes breakfast and lunch
- OMAF Conference Centre, 1 Stone Road West, Guelph
- Breakfast will be served from 8:30 - 9:30

About the Workshop

This "Governance Best Practices" workshop was offered, for the first time, in June, 2003. The forty participants were unanimous in their feedback. Board members and staff alike said, "this is the best governance workshop I've ever attended" and "it should be repeated."

The workshop will once again be led by Jacques Levesque from Renaud Foster Management Consultants of Ottawa. The workshop will focus on practical governance advice. Topics will include stakeholder communications, board decision-making techniques and roles and duties of directors and the chair of the board.

The workshop's format provides for lots of interaction between participants and the workshop leader. Participants at the first workshop said: "You can tell Jacques is a seasoned professional. It is a pleasure to be instructed by someone of his caliber and background."

Prior to joining Renaud Foster, Jacques Levesque was the youngest-ever president of a Bell Canada company. Later, as CEO of Entourage, he guided his company from start-up to 2300 employees in under three years. His board governance experience includes both publicly traded companies and non-profit organizations where he's held positions as Chair, President and Director.

Marketing Board/Association _____

Address _____

Registration Contact Person _____ Telephone # () _____

Directors and Senior Staff	Directors(✓)	Senior Staff(✓)	Phone #	Fax #
1.				
2.				
3.				
4.				
5.				
6.				
Committee People			Phone #	Fax #
1.				
2.				

* Please make your cheque payable to the **Minister of Finance**.

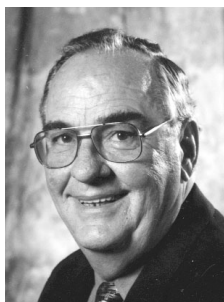
Forward registration and payment no later than Friday, April 16, 2004 to: Doreen Hardie, Ontario Farm Products Marketing Commission, 1 Stone Road West, 5th Floor SE, Guelph, Ontario N1G 4Y2 Phone: (519) 826-3437 Fax: (519) 826-3400

Ontario Farm Products Marketing Commission

Nicolette Novak and Glen Lutz Leave Commission



Nicolette Novak



Glen Lutz

Nicolette Novak and Glen Lutz both served two three-year terms as Commission members before leaving in December, 2003, and January, 2004, respectively.

They were highly regarded by their peers on the Commission. According to Chair, Rod Stork, "Nicolette and Glen always came well prepared. They could be relied on to engage their peers and Commission clients in thoughtful discussion."

Mr. Lutz was raised on a prairie farm before making a career in the wheat milling and vegetable processing industries with

Bicks and Robin Hood Multifoods.

Ms. Novak managed a tender fruit farm and was very involved in producer organizations before turning her skills to the development of a Niagara-based culinary school.

On behalf of everyone at the Commission and the many marketing boards and industries that have interacted with Nicolette and Glen, it's time to say, **thank you**, for your dedication to the challenges and opportunities facing Ontario's regulated marketing system. ■

Common Sense Resolution: Good Governance Builds Strong Boards *continued from page 1*

Former Dairy Farmers of Ontario Chair, John Core, agrees. From his experience, he tells directors that, "one of your responsibilities as a board member is to actively participate in the discussions on policy issues. In order for a board of directors to function with a long-term, cohesive vision of the industry, all members must be prepared to accept the decision of the board once it's made. Don't fall into the trap of publicly criticizing the decisions your board makes. I have seen dysfunctional boards operating in a situation where you have two camps within the board of directors and every time you publicly go to a meeting, you hear from both camps even though the board has made a decision on that particular issue. It is not sustainable. It causes gridlock."

In the post-Enron era, we've seen governance schools developing alongside business schools in North America. Vigilance appears to be the new imperative for directors of corporations concerned with fulfilling their fiduciary duties. But good governance at marketing boards goes deeper than this.

There are no blocks of shares that will ensure certain people get elected. With marketing boards, each producer casts a single vote reflecting his or her confidence in the leadership their peers can provide.

Commenting about leadership, Ontario Soybean Growers' past-Chair, Ken Bee, has said, "when the roles for board and staff are unclear, there is a very real risk of the directors being so busy doing, that the board may not do the governing." American governance guru, John Carver, agrees with Bee. He similarly wrote, "dealing meticulously with the trees rather than the forest can be satisfying, but it neither fuels vision nor inspires."

Leadership isn't easy. It forces a board into difficult situations where they may not be able to satisfy all their members. As an anecdote, past CFO chair, Tom Posthuma, observed during a governance workshop that, "thirty years ago, the government passed legislation to force the wearing of seat belts. A public plebiscite would have probably shown disfavour for the idea at the

time. Now there probably isn't anyone in the room that believes that wearing seatbelts is bad. They just didn't like the change at the time but it was definitely leadership."

Commenting on the challenge of board governance, John Carver, observed that the board of directors is the point, "where the opportunity for leadership is greatest, and yet the job design for leadership is ... (sketchiest)."

The Farm Products Marketing Commission recognizes the challenges directors face. Commission Chair, Rod Stork, said, "a recent survey clearly told us that marketing boards appreciate efforts aimed at improving effectiveness and one way they like to do that is through education."

On April 29, 2004, the Commission will put on a "Governance Best Practices" workshop for marketing board directors and staff as part of the Commission's strategic commitment to "ensuring the effectiveness of marketing boards."

For registration information, please refer to page three of this newsletter. ■

Ontario Farm Products Marketing Commission

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For more information about this newsletter please email us at graham.howe@omaf.gov.on.ca

This newsletter is available on our website <www.gov.on.ca/OMAFRA/english/farmproducts/index.html>

