



**BOARDWORKS**  
*International*

**Extract**

# **Bicycle Victoria**

## **Governance Effectiveness Review**

September 2006

## **Section One: Introduction**

### **Background**

Bicycle Victoria is a self funded community organisation serving the interests of the Victorian community by encouraging cycling as a way of life. The organisation's purpose statement 'More people cycling more often' sums up the organisation's passion. The 2005 Annual report states that the organisation is "committed to making riding a cultural norm throughout life." Aims include:

- Enhancing and extending cycling networks
- Building wider connections and community support
- Creating exciting opportunities.

Bicycling Victoria has a board (Council) of nine member-elected volunteer directors. The board is committed to providing high standards of corporate governance on behalf of all members. The board has a stated purpose for the development of corporate strategy and policy and overseeing the organisation's performance. The board is supported by a General Manager and senior staff whose responsibility is the day-to-running of the organisation.

This is the first formal Board Performance review that the board of Bicycle Victoria has undertaken.

## **The Purpose of the Review**

The 2006 Board Performance Review is an indication of the board of Bicycle Victoria's self-directed commitment to good governance. Such a review process is designed to serve a number of key purposes:

- Firstly and most importantly it offers directors the opportunity to hold a mirror to their own practices and processes and to identify those matters that require attention.
- A well designed review process facilitates greater openness about the importance of good governance. Few boards take the time to reflect on their processes and systems or to evaluate their effectiveness as a working group.
- The process compels directors to examine their strategic responsibilities, their decision-making processes and stakeholder relationships, all critical elements in effective governance.
- The process and follow-up encourages directors to talk openly about their various views of the board's performance. Many such views are held privately or shared only within board sub-groups, a situation which is both potentially damaging and dysfunctional.
- The process demonstrates that there is a willingness to be open with key stakeholders about the effectiveness of the body that acts on their behalf. This has the potential to engender enhanced confidence in the governance process and the governing body among key external players.
- There is the sense that the board is closing the loop in the organisation's performance measurement circle. The board assesses the CEO's performance and typically directors expect or require that there be a system of performance management throughout the organisation. By bringing the board into the overall process a signal is sent to all employees that the board 'walks the measurement talk'. This sends a strong positive cultural message throughout the organisation.
- The self and peer assessment provides an otherwise hidden snapshot of shared opinions about the contributions made by individual directors. This is valuable performance feedback and assists directors to examine their professional development needs.
- The overall process provides strong support for the board's succession planning process. Skill gaps can be identified and the need for professional development and/or changes in membership brought to the surface.
- The process offers a 'safe' opportunity for management to contribute to the process of board improvement.
- A benchmark is developed against which future board performance reviews can be set. When the process is conducted with the assistance of an experienced reviewer, a board can benchmark its performance against other boards similarly reviewed.
- Most importantly the process results in the development of performance improvement targets, objectives and action plans that become the focus of much of the board's internal attention for the coming year.

## **The 2006 Review Process**

Eight directors completed a questionnaire addressing the board's performance. Each director also completed a brief questionnaire providing the opportunity to provide feedback to their peers. The process also included feedback to the chairman on his performance in the role and invited the chairman to make a self assessment.

### **The performance of the board**

8 directors completed the 2006 board effectiveness questionnaire. There were 35 questions covering the main areas of the board's role including:

- Board and organisational health
- Strategic leadership
- Board functionality
- Board systems – compliance and overall organisation performance monitoring, board-level policies, CEO reporting, financial systems etc
- Board meetings
- Board-CEO interrelationship.

Directors scored their responses to the questions using a 4 point scale.

## Executive Summary

This is the first formal board performance review that the board of Bicycle Victoria has undertaken. Our experience of this board leaves us with the impression of a mature and competent governing body. The board has strong intellectual qualities and directors bring a good cross section of business skills and a passion for cycling. Bicycle Victoria has been serviced by a competent and dedicated CEO over a number of years who has built a strong operational organisation under the direction of successive boards.

The review feedback depicts a board that is generally on top of its role. A number of key governance elements, however, were raised for discussion and further development by directors. High on the list for matters to be addressed is the necessity for the board to keep on top of its strategic direction setting role. Directors indicated that while the board has not let this task slip, nonetheless there is still a tendency to lapse into operational dialogue, possibly at the expense of time devoted to higher level issues. Linked with the strategic dialogue is the need for the board to achieve alignment around its key short-term and longer term priorities. Associated with both of these matters is a requirement for the flow and content of information from management to the board to be streamlined and refined. There is some dissatisfaction with the timeliness of papers to the board prior to board meetings. This overall governance component, information to the board, received the lowest satisfaction ratings of all the areas covered in the survey.

A matter requiring immediate attention is the CEO Performance Management system. We have offered to assist the board in this matter if this is seen as appropriate.

Some directors indicated that the director induction system is not working as well as desired and we recommended that this be attended to with urgency leading to the upcoming AGM and the possibility of new directors being elected to the board.

We made the following recommendations:

1. The board reflect on the organisation's longer-term issues and balance of focus between short-term and longer-term priorities in order to achieve agreement about these.
2. The board should create time to address its attention to strategic dialogue with a view to firstly sharing perceptions about the sufficiency and depth of this and secondly to be sure that the dialogue is linked to existing strategy or points the way to new strategic initiatives.
3. The board review its risk management policy to ensure that its attention is focused on those matters relevant to its role and responsibilities and that management has sound risk management systems in place and that these are subject to regular review.
4. The board should urgently review its newly appointed director induction programme so that in the event of any changes in the composition of the board, new members will have the benefit of a thorough introduction into the workings of the board and the organisation.
5. The board create time to allow directors to share their differing expectations and levels of satisfaction for the content, timeliness, style and focus of information coming to the board.

6. The board review its member feedback system to ensure that it receives information in a form and manner relevant to its governance role.
7. The timeliness of papers to the board should be addressed with a view to providing the CEO with clearly defined expectations that must be met.
8. The board address with urgency the design and implementation of a CEO Performance Management system that makes clear the performance criteria to be achieved and measured, establishes a board process/system for gathering data and providing feedback to the CEO, incorporates regular informal feedback to the CEO, includes CEO self-assessment and has a developmental focus.