



BOARDWORKS
International

Edited Extract

Bicycle Victoria

Governance Effectiveness Review

October 2007

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 second formal Board Performance review that the board of Bicycle Victoria has undertaken.

The Purpose of the Review

In the preface to the 2006 review we outlined a number of key purposes for undertaking such a review. These included:

- 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 2007 Review Process

Nine directors completed a questionnaire addressing the board's performance. Each director also completed a brief questionnaire providing the opportunity to offer 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.

There were 37 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. The combined scores are provided throughout this report.

Executive Summary

Many of the issues raised in the 2006 review have been addressed by the board. Two or three, however, remain outstanding and are reiterated in this year's recommendations. The board has a solid foundation on which to base its improvement goals. Teamwork is strong as is the board-management interrelationship and board members report a good level of trust within the board team. Board systems support board members to carry out many aspects of their role. The focus of board meetings continues to be an issue for several board members who report that time is yet to be found to focus on key strategic issues, board meetings still tending to get bogged down with compliance matters and operational-level discussions. If this is an accurate reflection, it is a matter that should be addressed with some urgency. A number of board members report some disquiet about the adequacy of the board's skill set. We have recommended that these opinions should be aired.

We made the following recommendations for the 2007-8 year:

1. The board seek agreement that an appropriate balance has been achieved between short and longer term goals and that the outcomes of such agreement is reflected in the design of board meetings, the focus of board dialogue and the emphasis of management reporting.
2. The board continue its efforts to use board meetings to focus on high-level strategic issues. In order to achieve this time spent in discussion about compliance issues and operational matters must be reduced.
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 schedule time to discuss the skill-set present among board members necessary to address current governance requirements and the skill-set required for the foreseeable future.
5. We repeat our recommendation made in 2006 that the board review its member feedback system to ensure that it receives information in a form and manner relevant to its governance role.
6. The two new board members be brought 'up to speed' with all matters concerning the board-CEO interrelationship including performance management, statement of delegation etc.
7. The board schedule time for a discussion about board member-staff interaction and agree a process for dealing with information obtained outside the formal reporting processes when such information warrants board-level discussion.