

PROFESSIONAL SELF-REGULATION: IMPLICATIONS FOR GOVERNANCE

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IN MY PREVIOUS ARTICLE, "Professional self-regulation: Protecting the core" (*Engineering Dimensions*, September/October, p. 49), I reviewed the nature of Professional Engineers Ontario as a delegated authority and professional regulator, and discussed some of the core principles and values on which our Canadian professional regulatory bodies operate. I argued that, like any other organization, PEO ought to distinguish between these core principles—which must be maintained and defended against erosion and compromise (intentional or unintentional)—and other aspects of its tactics and business processes, which should evolve and improve in response to changing circumstances. Now, let's consider how these principles can inform the way the profession governs itself.

Like most organizations, whether private or public, and whether for profit or not, PEO consists of a board of directors (the council), a chief executive officer (the CEO/registrar) and paid staff.

Unlike most other organizations, however, PEO also has a substantial body of volunteers, drawn from among its membership, who contribute to both its governance and its operation. This is because PEO is the embodiment of a self-regulating profession—it is to the profession at large that the people of Ontario have entrusted the responsibility for regulating the profession's affairs in the public interest.

Were this not the case, it might be possible to govern the organization with minimal volunteer involvement beyond that of elected councillors. In such an organization, the volunteers (directors) could confine themselves to matters of policy governance and high-level direction and leave the day-to-day operations to the CEO and paid staff, as advocated by many governance experts like John Carver.¹ No doubt some members of PEO staff wish things were this way.

Yet in the self-regulating professional body, volunteers are involved not just in governance but in doing the actual work of the organization through task groups, standing committees and local chapters. This considerably complicates the governance model, since staff and volunteers share responsibility for achieving certain ends and outcomes. In most organizations, the owners/shareholders elect directors to govern the organization, while paid staff have sole responsibility for achieving the organization's goals as established by the board of directors.

In PEO's case, members often work shoulder-to-shoulder with staff to get the work done and accomplish objectives. Some experts would argue that such an arrangement is inherently conflicted, i.e. fraught with opportunities for conflict of interest and authority. However, I believe it can work well if the following implications are understood and addressed.

1. BOARD ACCOUNTABILITY MUST BE UNDERSTOOD AND ACCEPTED.

This is a principle that applies to any board of directors. By definition, the board (PEO council, in this case) is accountable for achieving the organization's goals and objectives.² Even if this were not a universal principle of organization theory,

the *Professional Engineers Act* makes it clear: council as a whole (not the president; not the CEO) is charged with establishing the organization's goals and ensuring they are achieved using acceptable means. It is the final authority on definition and interpretation of those goals and objectives and the final authority on definition and interpretation of what constitutes acceptable means of achieving the goals. And it is the final authority on whether the goals have been or are being achieved. These roles belong to the board and cannot be delegated to anyone else.

Some important aspects of board accountability are worth noting here:

Organizational success must be clearly defined.

As the old saying goes, "If you don't know where you're going, any road will take you there, and you won't know when you've arrived." Without a broadly shared vision of where the organization is going and what it wants to achieve, neither staff nor volunteers will know what their roles are in achieving goals, or what constitutes success for them individually and collectively. In an organization like PEO, both staff and volunteers should contribute to the definition of corporate success, but council is ultimately responsible for establishing clarity around that definition, for communicating it, and for building commitment to it.

Progress must be tracked and results must be measured.

To put it bluntly, PEO has a less than stellar track record of executing its plans and initiatives. With the best of intentions and careful deliberation, we establish directions, policies, programs and projects, then often forget about them as we move on to dealing with other pressing matters.

As an example, at the council retreat in 2004 councillors discussed and agreed to pursue four high-priority initiatives:

- address government incursions into PEO's mandate of professional self-regulation;
- implement mandatory annual reporting for all licensees;
- make the transition from engineering student to engineering intern to licensee more seamless; and
- address long-standing deficiencies associated with the Certificate of Authorization and make it a more effective instrument for regulation of individuals and firms offering engineering services to the public.

Five years later, what have we accomplished on these initiatives? Other than the first (and, arguably, most urgent, which was addressed by PEO's stand on the building code testing regulation and by establishing our current Government Liaison Program), they remain incomplete. Not that they have been abandoned or deemed no longer relevant—they are still works in progress. But they have suffered from lack of accountability and, in some cases, from lack of basic project management. Most notably, council has not regularly reviewed progress on them against plan.

As the saying goes, "The road to hell is paved with good intentions." Council must accept responsibility for seeing its directions through to completion by monitoring progress, measuring results, and adjusting plans and resources, as necessary.

The board must measure its own performance.

The board must be prepared to monitor and evaluate not just the performance of the organization against the established objectives and its adherence to the established means and constraints, but also its own performance as a board in terms of its accepted responsibilities. In other words, we need to measure how well we are governing ourselves as distinct from how well we are achieving our stated objectives. This is a fundamental responsibility of directors in most modern governance models.

2. THE BOARD MUST ACCEPT RESPONSIBILITY FOR VOLUNTEER MANAGEMENT.

In any organization that depends on volunteer engagement to accomplish its mission, volunteer management is a critical issue. Although PEO has long had an Advisory Committee on Volunteers and a staff person assigned to volunteer management, I believe there is much more we could and should be doing to enhance the volunteer experience for both volunteers and the organization. Some suggestions:

- review on a regular basis (at least every two years), by interview, the experience of each volunteer to ascertain his or her level of satisfaction with the current assignment(s), interests/aspirations for future assignments, suggestions for improvement of the experience, etc. There should be a "career management" function for volunteers, just as there is for staff;
- evaluate annually the contribution of each volunteer in his or her current assignment(s) using a 360-degree review approach, and provide feedback to the volunteer;
- do annual, formal succession planning for each volunteer group (council, committee, task force, chapter executive) with a view to ensuring leadership succession, diversity, and an effective balance of continuity and "new blood";³ and

- provide an ongoing formal program of leadership development to interested volunteers at no cost to the volunteer as an incentive and reward for volunteering.

Measures such as these will require additional staff and budget beyond what PEO currently deploys on “people development.” I believe this critical corporate function should be resourced on the basis of 100 staff plus 1000 volunteers. It would be money well spent!

3. THE BOARD MUST ACCEPT RESPONSIBILITY FOR MANAGING THE RELATIONSHIP BETWEEN VOLUNTEERS AND STAFF.

If volunteers and staff are going to share responsibility for certain tasks and initiatives and work effectively together to accomplish them, the relationship between volunteers will require special attention by the leadership. I see lots of evidence of volunteers and staff working effectively together within PEO, and consider that to be one of the organization’s strengths. But we need to extend our best practices in this regard to all aspects of PEO operations.

It is important to remember that individual volunteers do not have authority to direct individual staff members, or vice versa. This has several implications:

- The “volunteer side” of the organization, led by the president, must be diligent in ensuring volunteers do not abuse their leadership positions by intimidating or making unreasonable demands of staff, and must be prepared to deal with any such abuses that may occur;
- The CEO/registrar, as leader of the staff side of the organization, must be prepared to defend his staff to council against unreasonable demands by individual volunteers or groups of volunteers;
- The volunteer side of the organization must take responsibility for instructing volunteers in the principles and protocols of their roles, and the staff side must avoid usurping that responsibility; and
- Effective volunteer staff relationships will be based on mutual respect and influence, rather than on formal authority.

4. THE BOARD MUST CLEARLY DEFINE THE ROLES AND EXPECTATIONS OF THE EXECUTIVE LEADERSHIP TEAM.

When I became PEO president in the spring of 2004, it became apparent that there was an item of unfinished business left over from the Governance Task Force, namely to establish executive limitations for the CEO/registrar. In addressing this matter, the Human Resources and Compensation Committee defined what we called the Executive Leadership Team. This team consists of the three president-level elected leaders (past president, president, and president-elect) and the CEO/registrar. This important group has almost no formal authority, but its terms of reference were defined in the executive limitations approved by council and incorporated in PEO’s governance handbook.

The most important notion here is that this group is supposed to function as a team (remember, teamwork is one of PEO’s core values). Its primary roles are:

- (a) to assist and support the president in managing the agenda of council by determining which items need to be, and are ready to be, brought before council (and how and in what form); and

- (b) to assist and support the CEO/registrar by ensuring that the volunteer leadership (and council, in particular) are in sync on important operational and administrative matters.

Rather than usurping the authority of council, the president, or the CEO/registrar, this arrangement was designed to enhance their respective roles by ensuring there is effective communication, common understanding and cohesion at the top. I believe most councillors expect this of their leadership, and they experience great frustration when it doesn’t exist. This arrangement has proven to work well when the members of the Executive Leadership Team honour and support it. Unfortunately, this has not always been the case.

Misunderstandings concerning the role and authority of the president have been particularly problematic. PEO’s governance handbook (now incorporated in the *Council Manual*), which is aligned with most authorities on governance, makes it clear that the president does not determine the agenda or work plan for the organization, or even for council. Yet the misconception exists among some leaders and members that the president is elected by the membership to do whatever was in his or her election platform.

This belief may stem from our common experience with public politics, where the elected leader of a political party generally has great personal authority, at least within the party, and can effectively drive his or her personal agenda. The idea is reinforced by the practice of encouraging candidates for election to council to articulate “what they will do if elected” in their platform statements.

Even if this were the case for PEO, common sense dictates that the president must establish broad consensus

among the leadership for anything he or she hopes to accomplish, since most significant initiatives will take longer than one term to implement. But this isn't the case. The president actually has very limited personal authority. He or she is, in effect, first among equals on council. The authority of the president stems solely from the authority of council.

Some have suggested that the one-year term of president is too short to accomplish anything worthwhile. But I believe that suggestion is based on the above misconception concerning the agenda-setting role of the president. My counter-argument is that, in PEO's present electoral system, the president has three years in which to influence the agenda through the Executive Leadership Team, and to build support within council for his or her priorities. To my mind, that should be long enough to make a significant contribution.

This discussion has obvious implications for how we elect our leaders. If we were electing a president to *govern* the profession for a year, we would want to choose a very assertive individual with very strong views on what needs to be done (and which, hopefully, we can all support), and strong executive skills. Of course this assertion begs the question: What is the role of council and the other senior elected officers and what is the role of the CEO/registrar in the process?

If, on the other hand, we are electing a president to *lead* the organization for a year (or three years, as I contend), then we will want a collaborative team player with influencing and consensus-building skills. In other words, we will want a "servant leader."

I expect candidates for leadership roles to have views on what the organization's agenda and priorities should be. But much more important than asking them what they think needs to be changed, we should be asking them to tell us which leadership skills and

experiences they bring to the table that will help the organization to move forward cohesively.

In this connection, I would like to propose a minor enhancement to PEO's procedures for election to council that I believe would help our governance. This simple procedural change is within council's purview and does not require any amendment of the *Professional Engineers Act*, regulations or bylaws.

My proposal is to expand the nomination acceptance form to require a nominee to:

- (a) accept the role and limitations of a councillor (and officer, where applicable) as defined in PEO's *Council Manual*;
- (b) agree to campaign in a manner befitting a leader in a self-regulating profession; and
- (c) agree to abide by and enforce PEO's core values.

5. THE BOARD MUST ACTIVELY ENFORCE THE ORGANIZATION'S CORE VALUES.

Several years ago, the Human Resources and Compensation Committee facilitated a bottom-up process to develop a set of core values for PEO that would govern the way we treat each other within the profession as well as those we deal with outside the profession. These values, which were approved by council in January 2005, have been widely publicized, including in PEO's most recent annual report. To refresh your memory, they are:

- accountability;
- respect;
- integrity;
- professionalism; and
- teamwork.

Of course, core values are meaningless unless they are enforced; that is, unless we are prepared to "call" each other on breaches of them, and our leadership is prepared to reinforce them by dealing decisively with flagrant or repeated breaches.

As I listened to the debate in April surrounding the proposed National Framework for Membership and Licensure, it occurred to me that every single one of PEO's core values had been breached by the manner in which this proposal was developed and brought before council.

In conclusion, the special nature of a self-regulating profession like ours places unique demands on governance. But with clear understanding and acceptance by all parties of the roles and responsibilities of staff and volunteers, and a strong culture of respect and teamwork across the board, I believe an organization like PEO can maximize the contributions of both groups in a productive and harmonious manner. Σ

REFERENCES

1. Carver, John. *Boards That Make A Difference: A New Design for Leadership in Nonprofit and Public Organizations*. San Francisco: Jossey-Bass, 1997.
2. Note that I am following Carver's distinction between *accountability* and *responsibility*.
3. One of the eight good governance practices recommended in the final report of the Panel on Accountability and Governance in the Voluntary Sector, February 1999 (the "Broadbent report").