

Boards As Agents of Change*

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Over the past few years I have been privileged to serve on the boards of several community organizations and hospitals. I have been part of the governance structure in a variety of settings—from a grassroots start-up seniors' home support to a large established organization, The Hospital for Sick Children.

It is essential that the boards which lead these organizations now play the principal role in turning their organizations' focus outward to ensure that the constituencies they serve do not suffer undue loss as cuts in government, corporate and organizational budgets become the order of the day.

The world as we have known it has changed in a fundamental and irrevocable way and change continues at a dizzying speed. Deficit cutting and paring of resources loom large over the delivery of service in every jurisdiction—governmental, institutional or philanthropic. The ability to initiate rather than suffer change and to adapt to the constantly shifting landscape will determine the quality of the change that occurs in the communities served. Much of the responsibility for ensuring that the changes do not damage the quality of life in those communities will fall on their volunteer board leaders.

Given the inevitability of cuts, it is far better for the organization to be in control of and direct change rather than to have change imposed and merely react to it. Taking control allows for planned and managed efficiency over the short- and long-term. Waiting for change can leave an organization facing the necessity for Draconian measures to meet outside pressures and can lead to unnecessary loss of services or community resources or both.

In my view there are two options for those of us who govern nonprofit agencies. We can attempt to reinforce our individual institutions or we can opt for collaboration. In the past I believe that many of us focused on ensuring the

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stability and prestige of the particular agencies or institutions we served. Our emphasis was on growth and program development and there was little need to look beyond those two essential functions.

I would like to suggest that this style of governance is an anachronism. In the future, the only way that nonprofit organizations can be true to their mission of service will be to collaborate with other agencies with similar missions. We must forge strong alliances based on the mutual understanding that there is no longer room in any system for duplication, inefficiency and waste. We should move away from territorial or even insular models and seek alliances that are based on knowledge of what the communities we serve really need and on an understanding of the best resources to meet those needs. This can lead to greater efficiencies as we permit those who know each “business” best take charge of it.

Community leaders must therefore look beyond the boundaries of individual organizations and work together to reconfigure services in an efficient and caring manner. Change must, of course, be fiscally realistic. It must focus on the best interests of the communities as the overriding principle and not simply on how leaders’ own agencies can best survive the hard times. I am not talking about just doing the same things as always but doing better. While collaboration itself will not be sufficient, having the best interests of the community foremost in our minds will allow greater scope for creativity and a better chance of handling the mounting pressures for fiscal restraint.

This approach requires new skills from community leaders. We are now being challenged to become more knowledgeable about the whole sector within which our agencies or institutions must become collaborative players. Some of the decisions facing boards will be extremely tough—as tough as determining to close a facility. This, however, is what I believe board leadership is about in these difficult times.

An example of successful collaboration based on a recognition of “competitive advantage” is that between Princess Margaret Hospital and the Wellspring Foundation.

The Wellspring Foundation, of which I have been a trustee for three years, offers psychological and emotional support for individuals affected by cancer, be they patients, family members, or caregivers. We are supported by experts in psychological oncology who help us to design, deliver, monitor and evaluate a high-quality program which is meeting a great need.

We have the endorsement and support of one of the premier cancer treatment institutions in the country, Princess Margaret Hospital, whose leaders and staff agree that this type of service is better provided in a noninstitutional environment where it can be customized to suit both particular individuals and particular circumstances.

From a cost efficiency point of view it would be prohibitive to offer this type of support within a hospital setting. Out in the community, the service reflects its constituency in an immediate way, is responsive to change, and because it addresses a critical need very well, enjoys community support through donations of volunteer time and money. The hospital has taken the enlightened view that patients have emotional and psychological needs which require attention and care beyond the capacity of the hospital to deliver. As many patients as possible are, therefore, referred to Wellspring in the confidence that they will receive valuable supplements to the hospital's medical care.

A proposed merger of Bloorview Children's Hospital and the Hugh MacMillan Rehabilitation Centre demonstrates the difficulties that can arise when organizations pursue collaboration to serve the same ends. Even with open minds, a willingness to move beyond traditional thinking, and the best will in the world, boards can hesitate in the face of the formidable consequences of collaboration.

When I was chair of BCH we initiated discussions with all the other organizations involved in the delivery of services to children with disabilities. The purpose was to ensure a seamless system that was easily accessed and understood by the children's families. These discussions were successful to the extent that we identified many gaps in service but they challenged all of us to look beyond our own walls with a broader vision and it was a very painful experience with very limited success. As fiscal pressures began to mount, BCH and HMRC recognized the complementary nature of their services and realized the need to examine whether there was merit in merger. Board leaders have been called upon to look beyond their loyalties to their own organizations, educate themselves about the broader service community and to have the vision to work with others to achieve greater systemic efficiency and quality. The negotiations have been long and difficult and there is a long road ahead but the boards and administrations of both organizations are to be commended for their vision and courage. The major recommendation of merger on one site will be the most difficult to achieve. Both organizations are proud of their history and individual identity but their leaders must dedicate themselves to the desired outcome—better service for children with disabilities.

Even less radical collaboration can take a lot of effort. Four University Avenue hospitals in Toronto—The Hospital for Sick Children, Princess Margaret Hospital, Mount Sinai Hospital and Toronto Hospital—are planning to hire a common vice-president to oversee the purchase of medical supplies, drugs and service contracts in bulk. This could save as much as \$40 million in the first two years and the agreement begins a process of collaboration that has countless possibilities. However, it has taken over a year to negotiate, despite its clear advantages and insignificant threat to the integrity of the organizations involved.

My final example represents perhaps the greatest challenge that has ever faced leaders in the hospital sector in Metropolitan Toronto.

In February 1994 the Metropolitan Toronto District Health Council, with a mandate from the Ontario Ministry of Health, established the Hospital Restructuring Committee to examine hospital services in Metro Toronto and develop an action plan for the future—a plan that would strike a balance between competing pressures and priorities in the hospital system. There is no longer any doubt that bold change will be required if Metro hospitals are to respond effectively to these pressures and continue to provide their traditionally high quality of care. Acting individually, hospitals are unlikely to strike a successful balance between financial realities, the need for greater integration, the growing needs of the population, and the complexities and opportunities created by medical advances. The report of this committee presents a timely opportunity to take decisive action to ensure that services continue to meet needs. Thousands of people give their time as hospital board trustees, foundation members, and volunteers in these hospitals. The loyalties of these public-spirited people will be strained as sector leaders strive to put the good of the sector and the community ahead of the traditional roles of their own institutions.

The collaborative approach may seem simple and even obvious, but it demands an almost unheard-of disregard for partisan considerations and a real dedication to meeting the needs of the community rather than the institution. This new approach is complex and difficult, primarily because the same strong emotions that make us passionate about helping a cause almost always make us fiercely protective of it. In these competitive times, we can become very wary of collaborations that will inevitably lead to some relinquishing of control or territory. Whatever the rationale, however, the self-protectionist style of leadership often seen within nonprofit agencies, particularly the larger and more established ones, has become obsolete. My own experiences as a board member have only deepened my conviction that a broader vision must prevail.

If these collaborations and alliances are to be successful the impetus, at least initially, will need to come from the larger, more established organizations. They have a greater impact on the possible total savings, since they have more money at stake, and their participation will legitimize the process. They will lead by example which, in this area, is perhaps the only way to lead. As a result, their leaders will have to acknowledge that no single agency can be all things to all people. If a need can be met more effectively elsewhere, or by doing things differently, then every effort should be made to ensure that changes are made, changes that must take place if our communities are to be safeguarded as much as possible from the adverse effects of economic and political stresses.

It is a formidable challenge requiring no small amount of vision and humility for the not-for-profit board leaders who will have to re-educate and refocus the loyalties and energies of their communities.

Note On Corporate Filing In Ontario

Charities incorporated in Ontario have new rules for filing annual corporate information returns. The *Corporations Information Amendment Act*, S.O. 1995 c.3, has now been passed. While most of the *Act* will probably not be in force before the end of 1996, annual filings have been suspended since June 30, 1995. Only changes in corporate information need be indicated to the Ministry of Consumer and Corporate Relations. More detail on this amendment will appear in a future issue of *The Philanthropist*.

This does not affect any information that charities provide to the Public Guardian and Trustee.