

As seen in...



We Create Our Own Monsters



BY CYNTHIA ARMOUR, CFRE

I've lived by a motto for most of my adult life that says ***"We create our own monsters...but that means we have the ability to slay them"***. This philosophy helps me take responsibility for the unexpected and examine how I may have contributed to the situation. The worry has been that if the monster remains lurking mysteriously, I'm left with a moving target and limited arrows in my quiver.

Part of the solution is getting to the crux of the matter. That can be a challenge. In strategic planning, I encourage board and staff teams to delve discerningly into what obstacles are blocking the organization from achieving its vision. Typically, people prefer to suggest solutions before they've really identified the problems. From a medical perspective that's like treating an undiagnosed illness with random medication.

Identifying what caused the WE Charity to derail will be the subject of case studies for many years. I'm saddened by all the headlines that further erode the public's trust in the already fragile charitable sector, particularly during COVID-19 when so many organizations' limited resources have been cut significantly. Charities that struggled with sustainability pre-pandemic may not survive and now we know, even one that had a stellar reputation and considerable assets has fallen from grace.

Despite my expertise in fund development I needed to understand the bigger picture when I began freelancing almost thirty years ago. Charities would seek help for what they thought was a fundraising problem and the more I listened, the more I heard leadership and management issues. The symptoms only surfaced when they were unsuccessful asking the public for financial support. York University's (now defunct) voluntary sector certificate program provided an excellent framework for me to comprehend the multi-faceted pieces in the not-for-profit puzzle...until of course I tried to construct the opaque WE Charity jigsaw which is only a portion of WE's highly complex international network of charities and private businesses!

Ideally the Board of Directors and Chief Executive (CEO or ED) work in partnership: one covers governance and the other management. WE Charity's board was a savvy mix of academics, educators, human rights activists, a chartered accountant and a lawyer. With increased expectations and requirements from funders and investors, the buck is intended to stop with the board; they are the team that provides the necessary oversight and acts as the public's "trustees" — that is their fiduciary duty.

In my experience, the board's role is far more demanding than is usually communicated to volunteers. The reason for this is two-fold: naïveté on the part of many; or for those well-versed in the true scope of responsibilities, a reluctance to be completely transparent, knowing it would make recruiting committed leaders, to donate time, talent and treasure, even harder than it is already.

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Well beyond WE Charity's board and its Canadian Executive Director, the network is driven by its founders, Craig and Marc Kielburger. Without going too far down the "founder's syndrome" rabbit hole, suffice it to say, the passion and energy that ignites the flame of any worthy cause can also sabotage its success.

In WE's case the Kielburgers — together — potentially doubled both the strengths and the risks. Given their impressive and elite education in business, law, and international relations coupled with access to seasoned advisors, it's probable that the complex structure was entirely intentional.

What shocked me the most was listening to the former board chair Michelle Douglas' public testimony to the House of Commons Finance Committee on July 28th. She reported that as the news of a world pandemic unfolded last March, and well before there was any announcement of the Canada Student Service Grant, WE Charity began layoffs. Understandably, we were in an unprecedented lockdown, schools were closed indefinitely, public events were banned and WE Days became impossible to run; the Executive Team was making staff cuts in the hundreds (eventually more than 400).

Douglas went on to say, with concern for the organization's employees and its many other stakeholders the board convened an Ad Hoc committee. They received briefings daily but nothing was provided in writing despite requests to the Executive Team. The committee wanted evidence, reports and raw data to justify the massive layoffs. They requested meetings with the Chief Financial Officer and two were scheduled and then cancelled. Finally the committee demanded the documents and according to her response to MP Angus' probing, Marc "abruptly concluded" the call and the following day Craig asked Michelle Douglas for her resignation which she submitted March 27, 2020 followed by an accelerated process in early April that replaced the remainder of the board except one Canadian member and two from the U.S..

In response to MP Barrett's question regarding the role of a founder Douglas stated "...In this case they had significant governance power because the bylaws allowed them to make decisions on dismissing the board of directors or obligated the board

of directors to refer to the founders and inform and consult them on significant directional shifts in the organization."

How stunning to learn that a board which is there to provide oversight and accountability can be "fired" by the founders when pressured to comply.

So, I agree with many that "what part of conflict of interest don't you get Justin Trudeau?" but the evisceration of WE Charity — both at the staff and board levels — occurred before there was any announcement of funding from the feds which in my mind, made the organization even less equipped to handle such a project.

But more to my point, how is it that the founders maintained such extreme power with no fiduciary responsibility or disclosure requirements? In conversations with well-respected governance colleagues, that fact has left us all surprised.

Regrettably, it's tomorrow's leaders, and charities in general that are losing the most. Inspiring youth to engage and volunteer is at the heart of committed citizenship. Not only have we lost an established avenue to motivate them, but this case fuels Canadian disillusionment. I hate that "the scandal" gets boiled down to provocative headlines that provide a convenient excuse for people not to invest in the extraordinary work so many charities conduct daily...during depressing and desperate times when we need their services the most.

I don't know how to slay this monster. I can only keep trying to unearth the facts, reflect and synthesize. I certainly hope this dedicated issue of *Foundation Magazine* will provide essential ingredients for the kind of generative dialogue that promotes a commitment to learn from our mistakes and ultimately instigates changes for the better. 📖

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