



A Culture of Accountability

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INTRODUCTION

The Purpose

A Culture of Accountability describes the critical success factors and indicators that need to be present in a highly accountable organization. It is designed to help children's mental health organizations to better understand, measure, celebrate and build accountability. As well, the resource provides funders, including governments, foundations and corporations, a lens through which to view accountability within the organizations they support.

A Culture of Accountability starts from the premise that the current environment creates the need for a different response to defining and managing accountability. It provides Board and staff members with an educational and evaluative tool that will help them to learn about a new way of looking at accountability and to assess whether their organization is meeting those accountability requirements.

As an educational tool, Board and staff members learn about the key ingredients of a highly accountable organization. Not only does it offer a checklist of what to look for, it also provides the critical questions that must be addressed in order to have confidence in the organization's capacity to be accountable.

As an evaluative tool, Board and staff have an opportunity to reflect on accountability within the organization and to identify strengths and areas for improvement. This process of reflection will lead to a practical action plan for strengthening accountability.

The resource will help organizations to:

- gain a shared understanding about the key success factors that need to be in place to ensure the organization is highly accountable
- arrive at consensus about areas of strength and areas that need improvement
- engage in meaningful dialogue with Board and staff members to generate practical and targeted strategies for strengthening accountability throughout the organization
- demonstrate to key stakeholders that the organization is committed to being accountable

How it was Developed

A Culture of Accountability is based on extensive research which included: a literature review; interviews with leaders from the field; feedback from an CMHO advisory committee of Executive Directors from children's mental health agencies; and the in-depth work of the authors who have worked with hundreds of organizations in the not-for-profit sector in the areas of governance, planning and organizational development. As well, the content and process was piloted with three mental health organizations: Lynwood Hall, Algoma Family Services/Services Aux Families D'Algoma and Windsor Regional Children's Centre.

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How to Use the Resource

There are a number of ways to use the resource that range from an informal educational opportunity to a more formal evaluation of the organization's organizational capacity to be accountable.

Educational Tool:

The leadership team can read the document and learn about the key success factors that need to be present in order to be a highly accountable organization. The corresponding indicators in each of the success factors can be used as a checklist to determine whether they are present. For example, in order to have strategic leadership, it is important to shape direction, have rigorous decision-making and create capacity. As well, the leadership team can informally reflect on the questions asked under each of the indicators to further probe the organization's capacity to be accountable.

Evaluation Tool:

If the organization wants to uncover, discuss and address strengths and areas for improvement, then they can undertake a more formal evaluation. This process includes: 1) staff and Board completing a Reflection Tool online; 2) a three hour facilitated session with Board and staff in which they reflect on the consolidated feedback, identify strengths and areas for improvement and develop an action plan; and 3) receiving a report that includes the findings, reflects the discussion and outlines the action steps. For more information about this process, contact the authors, Linda Mollenhauer or Ruth Armstrong.

Why it was Developed

Increased demand for accountability

A Culture of Accountability was developed to respond to a changed environment. Children's mental health organizations are faced with more competition for scarce resources; increased vulnerability to legal and financial liabilities; intensified pressure to demonstrate impact; and ever growing need. All of these factors have contributed to the demand from more discerning stakeholders, including funders, donors, legislators, the public and consumers, for greater accountability

As well, mental health organizations are struggling to balance the inherent tensions related to today's accountability environment. Staff and Board members are asked to be strategic and businesslike without compromising values and passion; seek collaborative relationship and remain intensely competitive; find innovative approaches but avoid risk; be transparent without impinging on confidentiality; and focus on results while attempting to change human behaviour. They must balance all of this while meeting the often conflicting needs and expectations of multiple stakeholders.

Current frameworks of accountability are not adequate

Government funders have attempted to address this new accountability environment by focusing on reducing risk and gaining control, which in turn has led to a demand for more reporting, more detailed information and more rules. Many in the sector would argue that this has not brought about higher levels of accountability or helped the sector to meet the demands for more accountability by other stakeholders.

The way that the sector has typically defined and managed accountability is also inadequate to meet the demands of today's environment. In many organizations, accountability is responsive to external demands; it is seen as an item on a list of obligations that need to be fulfilled. Organizations respond by putting more internal procedures in place to disseminate information, meet the legal and regulatory requirements, abide by reasonable ethical standards, develop balanced budgets and prepare financial statements. But this concept of accountability doesn't satisfy the needs of more discerning stakeholders. It isn't enough to simply say what is to be achieved, measure it and manage the money well. It is also critical to effectively engage stakeholders in determining the best of all courses of action and demonstrate tangible progress toward achieving the mission.

Many organizations try to achieve greater levels of accountability by tinkering with isolated elements. However, if accountability is addressed in a piecemeal fashion, then organizations may only partially satisfy accountability standards. For example, they might disseminate more information without fully engaging stakeholders; invite more consumers to be on the Board without thinking how they can play a meaningful role; and measure levels of efficiency without being clear about the results they are trying to achieve.

Why it was Developed, cont.

So the demand for accountability grows, but there is no clear, useful and consistent framework that can be used to help organizations to effectively satisfy multiple demands and measure whether or not it is accountable.

A new, more encompassing framework of accountability is needed

In today's environment, accountability means:

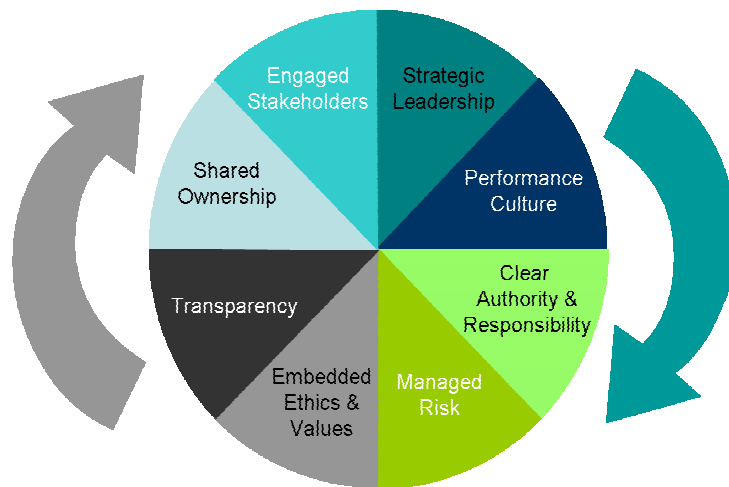
earning and maintaining the public trust by using the resources entrusted to the organization to effectively and efficiently deliver results that matter.

If organizations are to achieve this, accountability must permeate the culture at all levels of the organization. Being accountable must be more than a series of agenda items to be ticked off or just the responsibility of the Board and CEO/Executive Director. It becomes a way of working and will affect the way the organization is governed and managed; forms partnerships, structures policies and systems; allocates and accounts for resources; and engages stakeholders.

A CULTURE OF ACCOUNTABILITY

Critical Success Factors

The following diagram outlines the critical success factors that need to be present in a highly accountable not-for-profit, charitable organization. They are contained in the shape of a wheel to illustrate their interconnectedness and dynamic nature. A balanced approach is required to ensure each of the critical success factors contributes to the organization's culture of accountability.



A Hierarchy of Accountability

Within each wedge of the wheel, there are a number of levels that move from a basic to more complex accountability. *See illustration A.* At the most basic level, accountability is based on whether staff and Board members have an honest and ethical character. For example, staff and Board tell the truth and act with appropriate moral behaviour. The next level of accountability is driven by a need to meet external demands for accountability, particularly from funders, and involves complying with contract obligations, meeting reporting requirements and developing policies and procedures related to managing finance and ethical behaviour. At both levels, accountability is seen as an obligation that must be met.

Moving toward a complex approach to accountability, the next level is more encompassing. It involves having the full spectrum of accountability policies and processes in place. For example, staff and Board have developed a strategic and annual plan; prepared a value statement; measured performance; created a comprehensive set of risk management policies; and provided opportunities to collect stakeholder feedback.

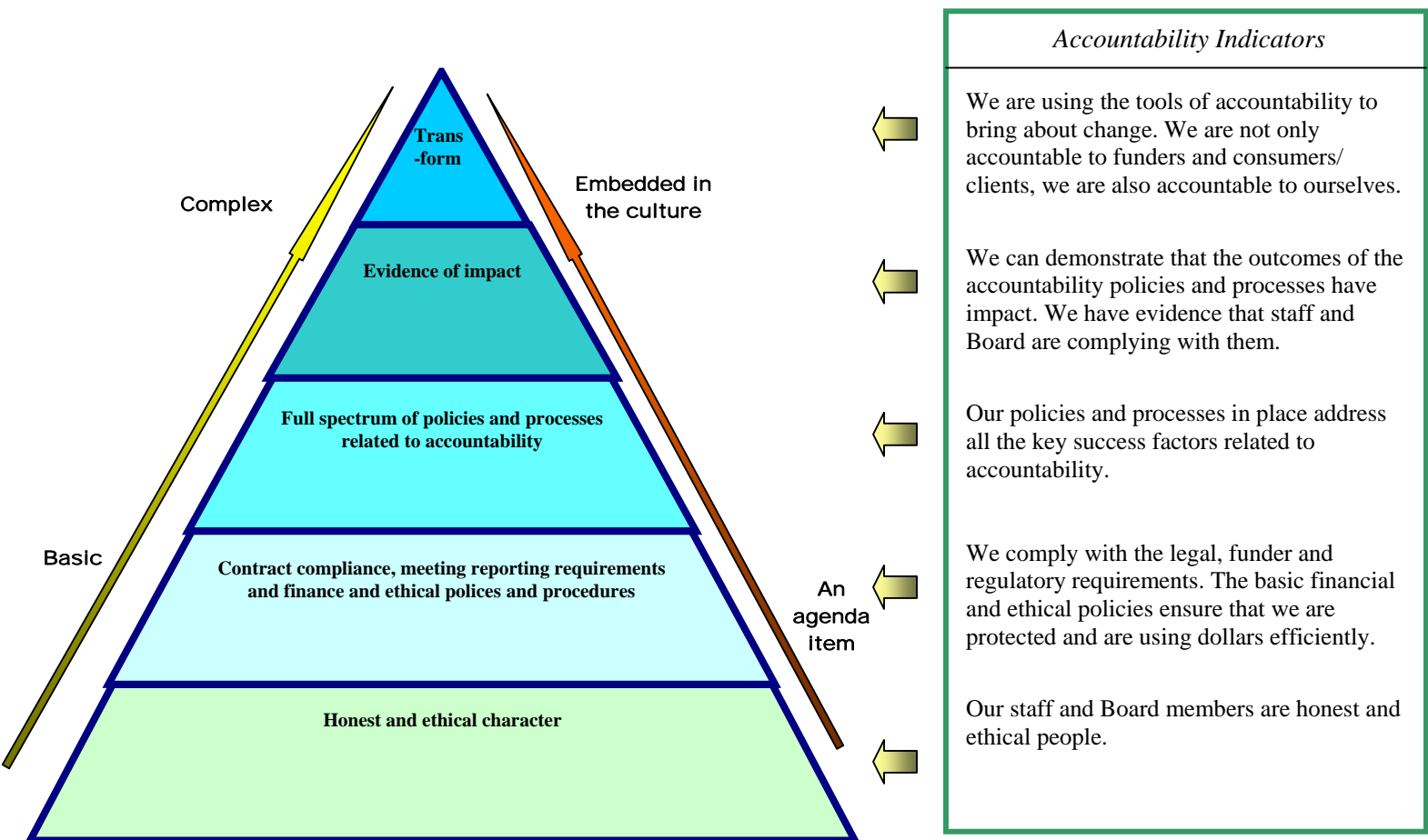
As accountability becomes more embedded in the culture, there is the recognition that the policies and processes must not only be in place, but there must be evidence that they are being effectively used and lead to clear accountability outcomes. For example, the strategic

A Hierarchy of Accountability, cont.

plan is used as a critical navigational tool; the values are clearly translated into the way the organization operates and forms relationships; the findings from evaluation prompt corrective action; significant risks are anticipated and addressed effectively; and stakeholders, including staff, are fully engaged.

When accountability is fully embedded in the culture, it results in a transformation of the organization. Staff and Board members use the mechanisms of accountability, such as strategic planning and performance measurement, to bring about change. Accountability is no longer just an obligation to be met; it is a responsibility to achieve the best possible results for its clients/consumers while also managing expectations. At this level, the organization remains accountable to its vision, mission and strategic priorities and each Board and staff member holds themselves accountable for promises and actions.

Illustration A: A Hierarchy of Accountability



An Overview of the Critical Success Factors and Indicators

Critical Success Factor: Strategic Leadership

i) Shape Direction:

Do we have a clear, compelling and realistic map to the right destination?

A highly accountable organization carefully considers what it does, where it wants to go and how it will get there. The mission statement tells stakeholders what business the organization is in - what it does, for whom and how - and describes it in a way that sets it apart from other organizations. The mission becomes the driving force of the organization and is regularly reviewed and, if necessary revised.

There is a robust and formal direction setting process (e.g. strategic planning) that results in clear strategic direction. The process includes, but is not limited to, an analysis of the internal and external environment; an assessment of the changing needs of those that are served; a set of outcomes that describe the changes in attitudes, behaviour and conditions that are achieved through the activities; and strategic goals that are measurable and manageable. The process may also include the development of a vision statement that describes an ideal future for the organization and the people it serves. As well, highly accountable organizations have a formal annual planning process that identifies the activities, assignment of responsibilities and timeframes that will ensure it meets its mission and strategic direction. The annual plan includes a clear set of relevant and manageable organizational priorities. All of the products that result from the planning exercises are used as navigational tools - they are constantly being reviewed and revised as new opportunities and challenges emerge and they clearly drive decisions and choices.

ii) Rigorous Decision-making

Are our decisions incisive, informed and bold at all levels of the organization?

In a highly accountable organization, Board and staff at all levels of the organization are not afraid to make bold decisions because they are based on reliable and thorough information; considered in light of their strategic implications; and reached after appropriate consultation. These organizations are also very clear about what the organization will not do. The culture of the organization creates a climate that encourages rigorous debate; welcomes varied perspectives; and fosters open and honest dialogue. As well, decision-making is transparent; people are clear about what decision was made and why as well as what decision-making approach (e.g. consensus or unanimous agreement) was used. The organization can demonstrate that it has made tough choices with courage and conviction, such as eliminating a program or taking on a critical community issue.

iii) Create Capacity

Do we ensure that we have the right capacity (human, financial, infrastructure) to effectively implement new programs, services and /or activities?

Whenever a new program, service or activity is being considered in highly accountable organizations, the capacity requirements are carefully evaluated. Both the direct (program delivery) and indirect (management oversight, technology, space) requirements are identified and built into the budget and organizational plan. If a fundraising event is launched, for example, the organization simultaneously invests in the infrastructure to sustain it. While it is recognized that there are times when it is necessary to start or pilot a new program without the required capacity, there is a strong commitment to ensuring the capacity is in place before it is formally adopted. Organizations don't just rely on the 'good will' or passion of the staff and/or volunteers to carry the program for the long-term. As well, the competencies and assets of the organization are regularly inventoried and assessed and then realistic strategies and actions are developed to address gaps in capacity (e.g. training, upgrading software, hiring staff, recruiting volunteers, raising money for administration).

Critical Success Factor: Performance Culture**i) Generate Reliable Information about Performance**

Do we regularly and rigorously evaluate the right measures?

A highly accountable organization has established mechanisms to measure and monitor its financial, operational, program, governance and human resource performance. The information generated is reliable; it is based on clear indicators and expectations, formal processes and credible sources. The programs are measured for both effectiveness (e.g. against clear outcome expectations) and efficiency (e.g. financial and human costs of delivering against impact received; how quickly it is delivered). There are formal processes for reviewing the performance of each staff, the Board, other key volunteers and committees/task forces. The organization is confident that it is collecting the right data, not just a lot of information, so that the cost of collecting it does not outweigh its usefulness. As well, the Board has developed a short list of closely watched performance indicators that will alert them to important issues.

ii) Effectively Utilize the Information about Performance to Make Improvements

Do we take prompt and corrective action in response to the performance information and eliminate or reduce barriers to higher levels of performance?

The data generated by the evaluation of programs, governance, operations, finance and human resources is used by staff and Board members in highly accountable organizations to improve performance. The information gathered is easily understood and accessible to all of those who need it; regularly analyzed in a way that allows decision-makers to draw reliable conclusions; and then used to formulate concrete strategies for improvements. The evaluation information influences resource allocation, policy direction, system modification and program delivery. It may lead, for example, to a significant restructuring or a shift in the way service is delivered.

iii) Create an Environment of Innovation

Do we generate new and better ways of doing things and approach challenges creatively?

A drive to innovate is a critical component of the performance culture found in highly accountable organizations. There are many formal and informal opportunities to share, debate and build on ideas that lead to better ways of doing things. The culture promotes an environment in which people feel comfortable challenging assumptions and questioning the status quo in constructive ways; stimulates creativity; and allows people to learn from successes and mistakes. Staff and Board members are prepared to take measured risks and venture beyond their comfort zones. They are also continuously drawing on best or promising practices and learning from other organizations and people.

Critical Success Factor: Clear Authority and Responsibility

i) Delineate and Clearly Communicate the Lines of Authority and Responsibility

Are the responsibilities and authority of each stakeholder clearly stated and understood throughout the organization?

In a highly accountable organization, all stakeholders have a shared understanding about their respective responsibilities and authority to act. Each staff member has a current and detailed job description that states what they are responsible for and the authority they have for making decisions and taking action. There is a written description of what the Board is responsible for and it is clearly delineated from the responsibilities of staff. Each Board member understands his/her moral, legal and fiduciary responsibilities and embraces them. As well, each committee/task force and program/service has a written, well communicated description that outlines who: is responsible for it; approves and signs off on decisions; supports the activity; needs to be consulted and kept informed. Furthermore, the organization is clear about the mutual authority and delineations of responsibilities between the Board/staff and the clients/users, funders, partners and members. Board and staff within these organizations are also clear about their responsibility to the sector in which they operate.

Critical Success Factor: Managed Risk

i) Anticipate and Assess Risk

Have we reasonably anticipated all substantial risks and assessed the implication?

A highly accountable organization is rarely taken by surprise by an occurrence that puts it at risk. Staff and Board members have diligently considered the different sources of risk, including financial, operational, legal and to its reputation. They have estimated the potential exposure; the likelihood of it occurring; and determined the acceptable level of risk for each area. In assessing the risk, the organization also finds the balance between the need to reduce risk and take risks in order to solve problems and improve programs. The Board is confident that they have anticipated all substantial risks because they review it on an annual basis; know that the appropriate staff members have been consulted; and stay informed of changes and events (e.g. legislation, judicial developments) that are relevant to risk management.

ii) Implement an Effective Risk Management Program

Have we developed, monitored and enforced the risk management policies and procedures?

There are clear, concise and updated policies and procedures within highly accountable organizations that cover all the areas of risk that have been identified as important. For example, the organization has developed a succession plan for the Executive Director and other senior leadership; created policies for safeguarding the work environment; and established complaints and grievance procedures as part of the risk management program. There are also effective and efficient processes in place for dealing with risk related issues when they arise and the capacity to respond to unanticipated risks. Not only do all staff and volunteers understand and have easy access to risk management policies and procedures that affect them, they would say they help them to do a better job. As well, all those who are affected by the risk management strategy contribute to its development and revisions. Finally, these organizations enforce compliance with the risk policies and procedures.

Critical Success Factor: Embedded Values and Ethics

i) Articulate and Operationalize Clear and Comprehensive Values and Standards of Ethics

Are we driven by a set of values and standards of ethics that define the way that staff, Board and volunteers behave and manage relationships?

In a highly accountable organization, there is a written value statement that clearly describes what the organization stands for (e.g. the beliefs and principles about how it does business and forms relationships). It is concise, visible and provides a cornerstone to all decision-making. Board and staff members regularly refer to the values – to guide recruitment and human resource management, to measure the success of programs and to influence policies and procedures. For example, core values might include: *Relentless Pursuit of Results – We are determined to achieve ambitious, measurable results in working toward our vision; Respect and Humility – We approach others in a way that demonstrates that we value them and their contributions and have high expectations of what they can contribute.* As well, there are clearly articulated standards of ethics that outline the formal rules about appropriate ethical behavior, concerning areas such as conflict of interest and the protection of assets given for specific purpose. Results and efficiencies are never achieved at the expenses of values and ethics. Finally, these organizations help staff, Board members and volunteers to comply with the ethical standards and practices and values by ensuring, for example, that they are visible and understood.

Critical Success Factor: Transparency

i) Provide Accurate Information that is Accessible

Do we disseminate the right information to the appropriate stakeholders in a way that balances the need for clear, consistent, truthful, relevant and thorough information?

Highly accountable organizations are deeply committed to the importance of being transparent about their governance, programs, operations and financial management. They conduct their affairs in a way that is easily observed and understood by all stakeholders, including Board, staff, volunteers, clients/users, funders and partners. They ensure the right information is getting to the right people at the right time and quickly respond to requests for information. Transparency is demonstrated, for example, when: staff are able to explain how and why decisions are made that affect them; the Board and management team are open about bad news and uncertainties; and all Board members are able to understand the financial information provided to them.



Critical Success Factor: Shared Ownership

i) Create Mutually Acceptable Expectations

Have each of our staff bought into what they have clearly and specifically promised to achieve?

In a highly accountable organization, staff members throughout the organization take ownership of the organizational mission and for achieving results. Each staff member has made a public statement (e.g. written and shared with other staff) about precisely what they are responsible for achieving and how it will get done. They are committed to results because they believe in the long term vision; have had a voice in the creation of the goals that they have a part in achieving; and feel the organizational goals and priorities are manageable and realistic. Both management and front line staff have had a real say in how they will achieve the goals and strategies and provided input in terms of the support (e.g. training, technology, coaching) and resources (e.g. budget, volunteers) that are required to accomplish them. They also are given the freedom and have the capacity to use judgement and discretion in achieving their goals. As well, all staff members are clear about how their areas of responsibilities are interconnected with others.

ii) Follow Through with Positive and Negative Consequences for Meeting Expectations

Are all staff members recognized and held responsible for achieving what they said they would accomplish?

Not only have staff contributed to creating mutually acceptable expectations in highly accountable organizations, they are held accountable for achieving them. Consequences for meeting expectations are clearly laid out and agreed to by staff. The organization has outlined consequences for meeting expectations that range from informal feedback, such as positive reinforcement, to more formal recognition, such as employee recognition events, training and leadership opportunities. They also recognize exceptional performance differently than ordinary performance. As well, consequences are outlined for not meeting expectation which may vary, for example, from resetting expectations and providing different supports to more harsh measures. Whether they are positive or negative consequences, highly accountable organizations ensure that each staff and his/her manager negotiate fair, reasonable and understood consequences.



Critical Success Factor: Engaged Stakeholders

i) Create Meaningful Dialogue with Critical Stakeholders

Does our engagement of critical stakeholders motivate passion and commitment to our organization and ensure responsiveness to them?

Highly accountable organizations do more than invite key stakeholders to participate, they actively engage them in helping to achieve the mission and set direction. Not only are they clear about who should be engaged and why, they regularly solicit their feedback through formal mechanisms, such as surveys and focus groups. They are deeply committed to understanding stakeholders' needs, interests and issues. As well, these organizations have the capacity to have meaningful dialogue with diverse stakeholders within their community, regardless of culture, ethnicity, language, geography, age and abilities. They are clearly responsive to what they learn from key stakeholders, but also can effectively manage the multiple (and sometimes conflicting) demands. Furthermore, many of the key stakeholders are prepared to act as ambassadors for the organization in the community.

ii) Build Value Added Collaborations

Are our collaborations and partnerships positive and productive?

The collaborations and partnerships formed by highly accountable organizations are driven by a desire to better serve their clients/users by creating efficiencies, pooling resources or enhancing service. These organizations actively create partnerships rather than wait for others to come to them. The collaborations and partnerships are based on a high degree of mutual trust and respect because there is a common set of values, vision and goals and a sharing of risks, benefits and rewards for the effort. In fact, these organizations know that each collaboration and partnership is valuable because a cost/benefit analysis shows that there is an adequate return for the energy and resources expended.

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