



AIPC MEMBERS SPEAK CREATING BETTER GOVERNANCE FOR CONVENTION CENTRES



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THE NEW MILLENNIUM BROUGHT FINANCIAL MELTDOWNS AND CORRUPTION IN A FEW, NOW NOTORIOUS, CORPORATE PLAYERS, PROMPTING A NEW AND MORE INTENSE FOCUS ON CORPORATE GOVERNANCE FOR PUBLICLY-TRADED COMPANIES. ONE EFFECT OF THIS WAS TO FORCE A RETHINK OF GOVERNANCE PRINCIPLES AND POLICIES FOR ALL SECTORS, INCLUDING CROWN CORPORATIONS.

So what is good corporate governance, and how does it help organizations like convention centers do a better job in a globalized, highly competitive marketplace? The answer is a governance model that supports the key principles of transparency, integrity, efficiency, responsibility and accountability.

The scandals of the recent past grew from a blurring of the lines between management and board members who are supposed to determine the direction of the organization. The key to avoiding such ambiguity is to establish operating rules that clearly define roles and responsibilities between management, the board and other stakeholders.

In the pursuit of better governance, the board's responsibilities should include developing and adopting strategic plans and business plans; structuring and supervising the operations of an organization and developing and adopting effective and transparent governance policies, practices and codes of ethics. Based on the recommendations and the quality of information provided by board committees and the CEO, the board can make informed decisions about virtually every aspect of the management cycle. This continual dialogue between the board and

management works to foster a climate of trust and candor.

Clearly the role of the board of a crown corporation is not to manage the organization or its daily activities, but to supervise the management team responsible for running the affairs of the organization. It is required to ensure the integrity of the CEO and senior management and evaluate their efforts in promoting a culture of integrity, as well as to make sure that the checks and balances put in place are working. The governance committee needs to take these roles into account in the recommendations it makes to government regarding board mandate and composition.

Ideally, the board should be independent with no direct or indirect interest likely to affect the quality of their decisions. Moreover, it is essential that directors understand the organization's business and be adequately experienced in management practices. To do this, the governance committee needs to recommend to the board the competence profile required for a director as well as establish an orientation program, training and professional development and evaluation criteria for new board members.

Completing the circle of oversight and accountability is the chairman, who evaluates

the performance of the board and acts as liaison between the board and management. Finally, it is essential that the vision of the board, including its commitment to high ethical standards, be conveyed within the organization and its annual report.

Building a model on principles, rules and a clear definition of roles and responsibilities will allow directors to more actively and responsibly play their roles. With a management-focused governance philosophy, the board can ensure that the organization provides services that meets the needs of its clients in a globalized world while finding the best balance between that and the public interest it must also serve.

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