



Crossroads – what’s next...

In the first phase of The Crossroad Challenge Ontario sheep farmers told us that growth was a priority for the next five years. Growing the sheep flock is essential for the prosperity and viability of individual farms and the Ontario sheep industry.

Knowing this, Crossroads will now consider how OSF best supports and encourages growth for Ontario’s sheep farm businesses. To identify the actions that might lead to growth we are reaching out to farmers and the sheep value chain (processors, retailers, government, auctions). This input will help to identify the specific actions OSF can take over the next five years to further the growth imperative.

Any plan requires an accurate understanding of the human, financial and leadership resources available. Our review of the allocation of financial and human resources will identify opportunities to focus on specific actions to promote growth.

Crossroads in context...

Understanding the context in which the aspirations of Ontario’s sheep farmers will take place is critical to developing a plan that can work in the real world.

First, we must acknowledge that the world is changing at a rapid rate. Technology and social transformations are already having significant impacts on agriculture, affecting your relationship to consumers and the public at large. From new expectations around environmental and social sustainability, to animal welfare, these changing expectations only further increase the complexity of doing business in agriculture.

The pandemic has accelerated change significantly, in ways that we can anticipate and many other ways that we are still discerning.

This is the context in which the challenge and opportunity of growth in the sheep industry will occur.

On the bright side, you are not alone in having to navigate this future.

More complexity requires more effective leadership; and effective leadership requires cultivating a collective culture in the sheep industry built on trust, transparency, participation, and respect.

But professional conduct, trust, transparency and inclusive initiatives are just the start. Today’s leadership also demands effectiveness and efficiency.

The future success of the industry that aspires to take advantage of the opportunities inherent in growth therefore require a solid plan, backed by effective leadership.

The following is an effort to outline considerations for you to engage with; the intention is to solicit your input on this critical aspect to the future success of the industry.

Leadership...

A generation ago critical governance information was only available to a small group of leaders. Meetings had to be in person and materials took days or weeks to prepare and distribute. The pace of change was determined by a relatively slow, centrally controlled, and limited information flow. Communications were limited, expensive and slow.

Today information is infinite and instant. The resulting leadership challenge is to translate data into insight and move at the speed of industry.

And governance structures are lagging, often causing frustration as leadership struggles to meet the demands of a vastly more complex industry and communicate at the speed of the internet.

OSF is hardly alone in this struggle. In fact, businesses, governments, and other commodity groups have, with varying degrees of success, restructured to meet a changing global business environment.

In the agriculture sector OSF has a relatively diverse leadership body. It has embraced a mandate to improve the professional standing of the organization and taken key steps to guide change.

These initiatives are designed to inform change and reinforce the trust and inclusivity that are foundational to effective leadership.

OSF and the future...

Leadership is a key resource that will need to be optimized to support growth. Like most organizations, the leadership structures of OSF were designed in a different era to meet the conditions of the day. A generation ago most leadership/governance structures were built around geography, safely assuming that the needs, aspirations, and challenges of people in a geographic region were similar. Basing governance on geography also assumed that an important component of leadership, social engagement, occurred in relatively tight regional circles. This is no longer the case in the age of *zoom*.

OSF's current governance model features a board (11 members) elected by farmers in their district to represent a geographic region. To be clear, today's Ontario sheep farmers did not design and were not consulted about the geographic based, 11-person board and district

structure. Like most agriculture-based organizations, OSF governance was designed based on an assumption that geography is the best proxy for identifying sector interests and providing for farmer engagement and representation.

The pandemic has provided evidence that geography is not the only or even principal factor in governance, engagement, and representation.

Beyond the agri-food sector, modern governance and leadership models emphasize skills and/or interest-based board structures and feature communities and representation designed around business interests, skills-needs and effectiveness as opposed to primarily geography. In other words, this conversation is not unique to sheep farmers; many sectors are considering how to best ensure effective governance, provide leadership and represent constituencies.

Form Follows Function

What is the best governance/leadership structure for OSF? How should the leaders who represent Ontario producers be selected, developed, and supported?

The answers to those questions start at the farm gate. The form of governance is best designed to meet the functions required to support and advance the strategic intentions of Ontario sheep farmers.

In recent weeks we have discussed leadership with district executive. The conversations have been informative and helped in shaping the leadership questions we will be taking to Ontario sheep farmers.

One district executive member emphasized that the sheep industry is multifaceted, there is no single model of sheep production. With this in mind he observed that he got a lot out of talking with others who generally shared his farm practice, no matter what district they were in.

Another executive member offered that the industry has an inherent limit on resources, reifying the growth imperative (expanding resources) and the need to tightly focus existing resources.

Yet another district board member told us that the OSF board should be industry “rock stars” with a bias to bringing specific skills to the leadership circle.

More than any one comment, we were encouraged by the willingness to consider leadership/governance structure changes to meet changing times and growing challenges.

Governance¹

Ontario sheep farmers told us they wanted to grow their businesses. How can OSF be structured to best fulfill on the growth imperative? Consider some of the following questions:

- Is your farm growth dependent predominantly on issues unique to your region or issues specific to the nature of your business (size of operation, indoor/outdoor, direct to consumer, breeding, dairy, etc.)?
- Are your growth influences (industry contacts, supply chain) local, regional or provincial?
- Is access to market a regional or provincial issue?
- Are your returns dictated by regional or provincial trends?
- Are the skills necessary to advance the strategic interests to be found only within the ranks of Ontario's sheep farmers?

The size and composition of a leadership group ideally reflects the strategy of the organization which is determined by the needs and goals of its members. There is no perfect model. Small boards are efficient but may struggle to represent all facets of the industry. Multiple committee or district structures often strain available staff resources. Many modern boards are comprised of directors elected to represent the members at large and directors appointed or selected by special election to represent a particular skill or perspective.

This approach is often used to ensure a diversity of experience at the leadership level, including the representation of nontraditional viewpoints.

Organizations like the OSF generally rely on a majority of leadership positions on the Board of Directors to be elected by members, but the methods of election differ significantly. All directors work for the benefit of the organization in its entirety. Directors appointed or elected to "represent" a geographic area or skill set are expected to bring a particular perspective, however, their fiduciary responsibility requires them to also set aside specific interests and act in the best interest of the sector.

The regional board design assumes that relatively close proximity enhances director's ability to communicate with sheep farmers. In the wake of over a year of virtual meetings at the district a provincial level it seems rational to question this assumption. Ontario sheep farmers should consider:

¹ A footnote to this process, we understand that any governance changes would require approval of the province. Our goal is to identify a governance model that meets the leadership demands of a growth agenda and reflects the current and future needs of Ontario sheep farmers. If our inquiry reveals a clearly preferable model OSF would be required to seek specific permissions to alter the current regulations.

- Are you most comfortable discussing relevant industry issues with a director from within your region or from a similar business structure (large flock, small flock, pasture raised, barn raised, etc.)?
- Is physical proximity an advantage in communicating with a director?
- How would your farm be best supported for growth and how would your interests and experience best be represented?

Ontario sheep farmers enjoy the leadership of a board that is diverse by industry standards, however the current structure does not provide direct leadership from the value chain (processors, retailers, etc.), the consumer and the public (animal welfare, environmental stewardship).

- Would the OSF board benefit from direct leadership from any or all of these perspectives?
- How can OSF better identify and develop new leaders?
- How can OSF better support existing leaders?
- What does good leadership look like in the industry?

Finally, there is the issue of board size and committee structure. As previously mentioned, large boards allow for a broad spectrum of perspectives at the cost of efficiency and focus. Boards generally have a small number of statutory committees specifically charged with subcategories of board responsibilities. These committees generally consist of a finance committee, a governance committee and an audit committee. Frequently boards* use an array of more temporary subcommittees to examine specific areas of concern. These subcommittees are not decision-making bodies and can draw membership from external experts. OSF is also somewhat unique in the utilization of district committees charged with nominating delegates to the AGM.

- With the growth imperative in mind, should the current geographically determined eleven-person board be retained or modified?
- Looking forward, and again thinking of the growth imperative, what is the right combination of statutory committees, subcommittees and district committees?
- Are delegated elections preferable to direct democracy (one member, one vote)?

These are some of the questions we will be discussing with Ontario sheep farmers over the coming weeks.

We look forward to the discussion and the opportunity to consider leadership/governance models that best meet the current and future needs of a growing sheep industry.

To start the conversation, please feel free to provide your thoughts
<https://www.surveymonkey.com/r/LWNRQGG>

Or email us directly at crossroads@ontariosheep.org

- Current OSF Committees
 - Research
 - Finance/audit
 - Governance
 - Dairy
 - Environment
 - GenOvis
 - Wool
 - Vegetative Abatement

Further reading and viewing

[Board Governance Models: A Comprehensive List.](#)

By Jeremy Barlow. Board Effect.

[Best Practice Principles of Corporate Governance for Crown Corporations.](#)

By Guy Holburn and Adam Fremeth. Ivey School of Business.

[A Guide to the Big Ideas and Debates in Corporate Governance.](#)

By Lynn S. Paine and Suraj Srinivasan. Harvard Business Review.

[Governance for not-for-profit board members.](#)

YouTube video. BDO Canada.