
Health check: A self-evaluation guide on organizational health

For arts organizations funded by the Canada Council for the Arts

This guide was produced as part of
Organizational Health: Assessment and Implementation Process

for
the Canada Council for the Arts

November 2004



PART I – Why go through a health check?

Who is this guide for?

This guide is aimed at arts organizations of every size, funded by the Canada Council for the Arts: performing arts organizations, media and visual arts organizations, writing and publishing organizations. It addresses organizations that would like to take stock of their organizational health on the basis of the following management components: organizational resources, human resources, financial and physical resources.

Why go through an organizational health check?

The self-evaluation guide allows organizations to create a realistic portrait of their strengths and weaknesses in management, given the various resources of their organization.

A self-evaluation organizational health check can:

- Allow the organization to become aware of its needs in organizational, human, physical and financial resources
- Facilitate an open discussion between managers within an organization
- Find practices that respond to the needs of the organization
- Become aware of the context and constraints in which the organization evolves
- Provide the organization with a tool to rally partners around the challenges and issues to deal with.

How to use this guide

1. There are no winners or losers, nor are there right or wrong answers. The result of the exercise creates a portrait of the management resources that your organization does or does not use.

2. Context: the health check adapts to organizations of any size, in any region

This guide addresses all arts organizations. We can expect that a small organization of one or two employees will not feel concerned by questions that call for a more structured organization. The principles of healthy management apply to any organization, whether an institution, a collective or an organization run by an individual. For example, the management of human resources implies a policy of benefits for large organizations while in the case of an organization with only one employee, it may involve a job description or the delegation of its management to a service organization. Questions will be addressed to all – it's the answers that will differ, according to the reality of each.

There are several models of the health check in different parts of Canada. This model does not aim to replace those used by Creative Trust (Toronto), Vancouver Arts Stabilization Team, Due Diligence Questionnaire of the Alberta Foundation for the Arts, the Conseil québécois des ressources humaines en culture, the Fonds de stabilisation et de consolidation des arts et de la culture du Québec or any other similar tool in Canada; rather, its purpose is to complete them as required.

3. Important: work with a competent team

The self-evaluation process must be supported by a management expert. Ideally, the manager who undertakes this type of process should be accompanied by members of his team or his board, and by a senior manager who can guide him in the questions raised by this document.

PART II –Doing a self-evaluation

1. Organizational Resources

Organizational resources are those that organizations set up to structure, direct and fund themselves. This is where the mandate of the organization takes form, inspired by the artistic project. This is where strategies are designed that ensure the organization has the capacity to achieve its mandate. This is where the major decisions are made that guide the organization and shape its future. This too is where the responsibility lies for the use of public funds, as well as the legal and fiscal responsibility.

Organizational resources group the functions

- o Of governance,
- o Orientation and strategic planning,
- o Administrative structuring.

They concern

- o Assembly of members,
- o Board of directors,
- o Artistic direction and general management.

Articulation of the mission and the artistic vision

	yes	no	If yes, is it...		
			Fully satisfactory	Satisfactory	Unsatisfactory
Do you have a mission statement?					
Do you have a statement of your artistic vision?					
Have you communicated your mission to your members (in the case of a collective or association)?					
Your artistic vision?					
Have you communicated your mission to your board?					
Your artistic vision?					
Do you undertake a regular revision of your mission?					
Of your artistic vision?					
Do you have a written, concise version of your background?					
Is it up to date?					

Quality of governance

	yes	no	If yes is it...		
			Fully satisfactory	Satisfactory	Unsatisfactory
Do you have a document stipulating:					
-powers and responsibilities of the board					
-length of terms of administrators					
-policy and plan of succession of directors					
-respective roles of board chair and members of executive committee					
-evaluation of senior management					
-rules of procedure regarding levels of authorization					
Do you have board sub-committees?					
-is their mandate determined?					
-do board committees take minutes? How often?					
Do you have a board self-evaluation process?					
Do you have a committee self-evaluation process?					

Competence of the board

	yes	no	If yes, is it...		
			Fully satisfactory	Satisfactory	Unsatisfactory
Does the board assemble a diversity of expertise and does it adequately represent the components of the community of reference?					
Are you satisfied with:					
-the frequency of board meetings?					
-participation of members in board meetings?					
-the way that meetings are prepared?					
-duration of the mandate of a board member?					
-participation of members in the funding of your organization?					
Are there hiring criteria for members?					
Are there renewal criteria for members?					

Clarity of strategic objectives supporting the mission

	yes	no	If yes: define		
			Fully satisfactory	Satisfactory	Unsatisfactory
Is there a document establishing the strategic orientations and objectives for the coming years?					
Have you determined ways of achieving them? Do you have an implementation process?					
Have you determined a contingency plan if objectives are not met?					
Have you determined indicators for measuring the achievement of objectives?					
Is there multi-year planning of activities?					
Is there multi-year budget planning?					
Is there a mechanism allowing you to review:					
-your orientations periodically?					
-your positioning in the market and in relation to your peers?					
-your outreach in the community?					
Is this review carried out with the board and staff?					
Does your plan include a human resources plan?					
Does your plan include a physical resources plan?					

Solidity of administrative structure with respect to achieving the mandate

	yes	no	If yes, is it...		
			Fully satisfactory	Satisfactory	Unsatisfactory
Is there a document describing the senior management positions and distribution of responsibilities?					
Does your organization have an organizational chart?					
Has your organization delegated its management to a service organization?					
How do you evaluate the capacity your organization has to achieve its mandate with respect to:					
-organizational structure					
-number of employees					
-expertise of existing staff					

- In the area of organizational resources, identify the main problems or limitations that you have and how do you plan to resolve them? (How have you resolved them?)

<u>Concerns</u>	<u>Solutions</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. Human Resources

People are the most precious resource of an arts organization. Human resources management is an important challenge for arts organizations who want to attract, keep and use the most talented and committed individuals. *Human resources management...is a key requirement of the work of any manager who is responsible for employees.*¹ The management of human resources includes staffing, performance appraisal, training and development, staff relations, pay and benefits, health and safety in the workplace and the management of information on human resources. Human resources in arts organizations include artists and creators, administrative and technical staff.

Quality of human resources management (HR)

	yes	no	If yes, is it...		
			Fully satisfactory	Satisfactory	Unsatisfactory
Do you have an HR policy or staff manual?					
Is it shared with your employees?					
With your board?					
Do you have position descriptions?					
Do you have HR resources and tools?					
Do you call on outside resources for advice on HR management?					
Do you have an established process or documentation on staffing and lay-offs?					
Do you have a performance appraisal system?					
Have you identified the ideal skills, attitudes, experience, qualities to fill your HR needs?					
Is your wage policy adequate?					
Are you aware of the regulation and work standards regulated by law concerning vacation leave and work hours, absences, sick days, maternity leave, wage equity, harassment, diversity, human rights and dismissals?					

Ability to retain administrative and technical staff

	yes	no	If yes, is it...		
			Fully satisfactory	Satisfactory	Unsatisfactory
Do you show appreciation and respect to your staff?					

¹ Clark Reed and associates of NetGain Partners Inc. *Human Resources Management — Best practices in the cultural sector*. Cultural Human Resources Council. 2000

How do you show it?					
By having staff participate in the decisions of the organization					
By acknowledging work well done					
By encouraging efforts					
Through constant communications with staff					
Have you adopted a position toward conflict resolution?					
Do you think you are flexible and receptive to different ways of doing things? Flexible hours, giving free tie to staff when work rhythm slows down to compensate for rush periods?					
Do your employees tend to stay with the organization or is there a high turnover?					
What reasons motivate staff to stay? Can you motivate staff to stay with your organization?					
Do you have a plan for replacing key employees when they leave?					
Do you have a transition and/or recruitment plan for senior/ positions?					
Is this plan known – within your organization					
-by your board					
-outside your organization					
Do you have a process to retain, compensate and acknowledge your staff?					
Do you tend to promote your own staff, or do you seek new staff outside the organization?					

Training and professional development plan

	yes	no	If yes, is it...		
			Fully satisfactory	Satisfactory	Unsatisfactory
Do you have a training and development plan?					
-establishing the training needs of members of staff?					
-identifying priorities?					
-planning training methods?					
Does the plan have a production schedule?					
Do you provide mentoring and guidance to your staff? (define guidance)					

Remuneration of artists and creators

	yes	no	If yes, is it...		
			Fully satisfactory	Satisfactory	Unsatisfactory
Do you have a policy for intellectual property?					
Do your artists tend to stay for a long time with the organization, or do they leave after short periods?					
Does the remuneration of your artists seem adequate?					
Is the remuneration of your unionized staff (if applicable) just and reasonable?					
Do you concern yourself with the schedule of collective bargaining (if applicable)?					
Do you hold union-management inter-negotiations?					
And do you keep the board informed?					

- In the area of HR, identify the principal problems or constraints and how you plan to resolve them (how you have resolved them?)

<u>Concerns</u>	<u>Solutions</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3. Financial Resources

Healthy management of financial resources promotes the diversification of revenue sources and the creation of reserves or dedicated funds, planning a financing campaign, developing a multi-year budget and recognizing the importance of budget controls.

Financial resources group the operations of budget planning, accounting, budget control and internal and external audits. They include revenue, expenditures, financial result (balance of revenue and expenses), asset management, liabilities and dedicated funds.

Financial stability

	yes	no	If yes, is it...		
			Fully satisfactory	Satisfactory	Unsatisfactory
Is your annual budgeting process planned?					
Is your annual budget based on the financial analysis (strengths and weaknesses) of the past year?					
Are you satisfied with your methods of financial control?					
Do you have an adequate petty cash system?					
Do you have an in-house procedures manual?					
Do your employees understand it?					
Do you have a system of board approval of results?					
Is there a gap between your forecasts and the real results?					
Do you have a satisfactory working capital ratio (current assets/current liabilities)? (a ratio of 2 is considered desirable)					
Are you satisfied with your ratio of unrestricted net assets (accumulated deficit) on total revenue?					
Do you have dedicated funds?					
Do you have a deficit reduction plan (in case of deficit)?					

Diversity and balance of revenue sources

	yes	non	If yes, is it...		
			Fully satisfactory	Satisfactory	Unsatisfactory
Are you satisfied with the ratio of earned revenue on total revenue?					
Are you satisfied with the ratio of fundraising on total revenue?					
Are you satisfied with the contribution in kind on total revenue?					
Are you satisfied with the ratio of grant income on total revenue?					
Do you have a fundraising strategy?					
-a program of donor loyalty-building, sponsors...?					
-partnerships?					
Are you planning a fundraising campaign?					
Does your board set up fundraising strategies and activities?					

Do you have community support that translates into income?					
Do you have adequate staff resources (number and expertise) and time resources to generate expected revenue:					
-to draft grant applications?					
-to complete coproduction agreements?					
-to establish partnerships?					
-to approach foundations and agencies?					
-to stimulate sales and subscriptions?					
Do your prices correspond to market conditions?					
Are your prices adequate for covering expenses?					

Adequate allocation of resources

	yes	no	If yes, is it...		
			Fully satisfactory	Satisfactory	Unsatisfactory
Are you satisfied with the ratio of artistic expenses and on total expenses?					
Are you satisfied with the ratio of production expenses on total expenses?					
Are you satisfied with the ratio of administrative expenses on total expenses?					
Do you spend enough (or too many) resources on marketing in relation to sales revenue?					
Do you spend enough (or too much) on fundraising in relation to the revenue collected?					

- In the area of financial resources, identify the main problems or constraints that you have and how you plan to resolve them (how you have resolved them)

<u>Concerns</u>	<u>Solutions</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

4. Physical and information resources

Healthy management of physical resources shows the importance of a management plan for the organization's buildings and equipment, the importance of multiyear planning for equipment maintenance, updating assets including computer systems, and in the case of museums, collection management.

Physical resources are constituted by the goods and equipment owned by the organization and include buildings and land, specialized equipment, collections (in the case of museums and cinematheques), inventories (in the case of publishers), archives, computer systems (databases) and computer and office equipment.

Quality and accessibility of venues and equipment for the needs of artists²

	yes	no	If yes, is it...		
			Fully satisfactory	Satisfactory	Unsatisfactory
Do you have a policy of service to members?					
Is it systematically made known to members?					
Do you respond to the needs of artists?					
Is the state of the premises and equipment periodically updated?					

Quality of maintenance of venues, equipment and information systems

	yes	no	If yes, is it...		
			Fully satisfactory	Satisfactory	Unsatisfactory
Do you have a multiyear maintenance plan for property holdings? A capital investment plan?					
Is it periodically updated?					
Do you have a plan for building maintenance (if relevant)?					
Do you have a facilities maintenance plan (if relevant)?					
In terms of information systems management, databases and Internet site:					
-Do you evaluate the level of update of computer systems?					
-Do you periodically archive data?					
-Do you update your databases and web site?					
Do you have an amortization plan?					

² This series of questions applies only to media arts production centres and artist-run centres.

- In terms of physical and information resources, identify main problems or constraints and how you plan to deal with them (have dealt with them)

<u>Concerns</u>	<u>Solutions</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____