

Good Governance and Leadership in Founder-led Organizations



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Imagine Canada is a national, bilingual charitable organization whose cause is Canada's charities and nonprofits. Through our advocacy efforts, research and social enterprises, we help strengthen charities, nonprofits and social entrepreneurs so they can better fulfill their missions. Our vision is of a strong Canada where charities work together alongside business and government to build resilient and vibrant communities.

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IMAGINE CANADA
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Developed by and for the sector, the Imagine Canada Standards foster accountability, transparency and performance by providing nonprofits and charities with a roadmap that elevates operational excellence. Accreditation enables strong board governance and signals credibility to donors and volunteers through its trusted, widely recognized brand.

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Ce rapport est également disponible en français: [Saine gouvernance et leadership dans les organismes dirigés par leur fondateur ou fondatrice](#)

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Foreword from a Founder

I applaud and honour the people who care enough to make a difference in this world. The needs are extraordinary, and beneficiaries are waiting for support. Founders must, however, be aware of the time, thought, self-awareness, resilience and commitment required. Many are good at starting things; fewer are ready for the long haul.

A good founder understands that the organization is not about them—it is about the beneficiaries. They should be at the centre of every discussion and decision. Activities, policies, and procedures are justified only when they benefit the end user. Keeping this at the forefront will keep you on the right path.

Founders should apply constant self-awareness to ensure beneficiaries remain central. Identify your strengths and seek expert advice on everything else. Strong board members, policies, and explicit expectations are blessings. They allow the founder to say no, relieving pressure so they can focus on carrying out the mission with competence, care, and compassion.

Something happening to the founder is a major risk, thus early and ongoing succession planning is essential. Consider the ease and success of your eventual transition as a key measure of success. Think of it like parenting—the joy of watching one's children go out on their own, returning only for hugs, encouragement and occasional advice.

In my nearly twenty years as a founder, I thought of our organization as a family, in which each member needed support, kindness, respect and a listening ear. Whether donor, beneficiary, staff or board member, keeping everyone focused, engaged and enthusiastic is the founder's responsibility and privilege. Those who come forward to help you are good people, and they need your acknowledgement and respect.

This guide is well-written, accessible, frank, comprehensive, and useful. I wish I had it when I started!

About Peg Herbert

Peg Herbert founded the international development organization Help Lesotho in 2004 and was its Executive Director until 2023, developing the programs, local staff of 45 and funds to reach over 24,000 people annually with mental health and psychosocial support in Lesotho. She also founded Chosen Grandma, a volunteer initiative to build intergenerational connections between senior women and children in Ottawa. Dr. Herbert has a PhD in educational psychology.

Foreword from a Board Director

Good governance is critical to a nonprofit's reputation. It assures both supporters and the community that the organization exercises effective oversight of finances, risk, and mission delivery. Any breach in governance erodes trust, diminishes community support, and ultimately threatens both the organization's mission and its viability. Founder-led organizations, even with board oversight, are at particular risk. While founders are often visionary leaders driven to achieve a bold mission, they can also be resistant to any form of control over themselves or their activities.

This guide is an invaluable resource for effective governance in founder-led organizations. Following its recommendations ensures the board's decision-making is grounded in thorough research, best practices, and clear policies. As a result, boards can act confidently, knowing they have done all they can to avert potential crises.

I speak from experience. Early in my tenure as board chair, I discovered that the organization I chaired was structured as a single-member organization, with the founder as the sole member. This effectively stripped the board of the authority it should rightly hold. With the board's backing, I spent two years consulting other chairs of founder-led organizations, seeking legal advice, and negotiating with the founder. Ultimately, we implemented a new structure—a self-perpetuating board—and updated bylaws. It was a difficult process, but it resulted in a reinvigorated organization driving its mission forward with strong governance and oversight from the board.

This guide would have been an invaluable resource for me during that time, and I expect it will have a profound impact on the nonprofit sector. It empowers founders to pursue ambitious missions with confidence, knowing their work is grounded in good governance. With these tools, founders and boards alike can ensure that visionary leadership and effective oversight go hand in hand, strengthening both the organization and the community it serves.

About Gail O'Brien

Over the past 30 years, Gail O'Brien has served on the boards of numerous charities, including Business for the Arts, Children First Canada, Council for Canadian American Relations, Glenbow Museum, Hospital for Sick Children, Hospital for Sick Children Foundation, National Arts Centre, National Arts Centre Foundation, Prairie Action Foundation, Ontario Science Centre, and YWCA Calgary.

Introduction

Introduction

Founders are essential to the nonprofit sector. They bring new ideas and energy to a sector that tries to address some of the most critical and challenging problems facing the world today: poverty, homelessness, addiction, mental health, natural disasters and war, to name just a few. Nonprofit organizations also address people's needs for belonging, community, spirituality, artistic expression, and recreation, as well as their desire to protect animals and the natural environment. It is not an exaggeration to say that nonprofit organizations are essential to the world as we know it. And without founders, nonprofit organizations would not exist.

Founders, however, are not the only ones who are essential to the nonprofit sector. The other essential element is boards. A nonprofit organization cannot exist, legally at least, without a board of directors, and that board—not the founder—is legally responsible for the organization.¹ It has the authority to decide on the organization's direction and to hire and, if necessary, terminate the most senior staff person. It is therefore essential that founders and their boards find ways to work together effectively. For this to happen, everyone must have a solid understanding of their roles and responsibilities.

We wrote this resource to help founders and board members of founder-led organizations understand and navigate their respective roles so that the organizations they care deeply about can thrive and deliver on their missions. We also want all individuals involved with these organizations—founders, board members, volunteers, staff, funders, and beneficiaries—to thrive and succeed. That means paying attention not only to governance and operational issues but also to matters related to equity, safety, and accountability. Our goal is to set both founders and board members up for success and help them avoid (or recover from) common mistakes.

One issue that affects the ability of some nonprofits to grow and thrive is Founder's Syndrome. Founder's Syndrome initially plagues founders themselves but, over time, it can affect everyone who comes into contact with the organization, particularly staff and board members. If the founder's leadership approach does not evolve to meet the needs of the organization, the characteristics that helped them get the organization off the ground can, over time, pose a challenge for those around them.

¹ This is true even if the founder is on the board because individual directors do not have the authority to act on behalf of the organization. Only the board as a whole has this authority.

Founders who experience Founder’s Syndrome are driven by the need to maintain control over every aspect of the organization’s operations. Among other significant problems, this can lead to micromanagement, high turnover, a lack of trust, and inadequate succession planning. Through the original research we conducted (see the [Appendix](#) for more information), which informs the content of this resource, we discovered that an effective board—and particularly an effective board chair—can mitigate the effects of Founder’s Syndrome and its long-term impact on the organization.²

Imagine Canada’s Standards provide an excellent framework for good governance. The Standards were developed 15 years ago as a means to enhance the governance and operations of Canadian charities and nonprofits, thereby strengthening public confidence in the sector. Since then, they have been used by hundreds of organizations and revised and updated based on consultations and user feedback. The Standards are publicly available and can be used by any organization as a guide to good practice. Organizations that wish to be publicly recognized for meeting the standards can apply for accreditation. We refer to the standards throughout this resource.



Five Key Areas:

- Board governance
- Financial accountability and transparency
- Fundraising
- Staff management
- Volunteer involvement

Three Levels of Standards:



Level 1

Up to 10 full-time equivalent employees

Up to **\$3 million** in annual expenses



Level 2

Up to 50 full-time equivalent employees

Up to **\$10 million** in annual expenses



Level 3

More than 50 full-time equivalent employees

Or over \$10 million in annual expenses

The levels are determined by the organization’s annual expenses and number of employees. Fewer and less onerous standards apply to smaller organizations.

[Learn more about Imagine Canada’s Standards](#)

2 The quotations that appear throughout this publication are from participants in this research.

As is often the case in publications such as this, it is important to note several caveats and assumptions. First, we recognized that there are many different types of founders, and not all of them have Founder's Syndrome. However, many do,³ and their leadership behaviour has serious consequences for the people they work with and for the sector as a whole. Second, we are aware that there can be groups of founders and that founders who remain involved with their organizations past the start-up stage sometimes hold board positions rather than staff positions. For the sake of simplicity, we assume that there is a single founder and that, past the start-up stage, the founder is the most senior staff person. Most of the information we provide is, however, relevant in other situations as well. Finally, although we hope that many people find this resource useful, it should be noted that it was written for the Canadian context and refers to Canadian legal structures and conventions.

This resource is organized according to the three main phases a founder-led organization will go through:

- Section 1: Start-up/formation
- Section 2: Growth/stability
- Section 3: Transition/founder departure

In each section, we discuss leadership and governance issues that are particularly relevant for that phase, alternately addressing the founder and the board. Each section concludes with a discussion of common challenges in founder-led organizations.

“When you have that degree of passion and the deep, deep understanding of the mission and vision, it really is inspirational for a lot of people. It really helps get people excited.”

– Board Chair



³ Half the founders in our sample had the characteristics of Founder's Syndrome.

Founding a Nonprofit: Role of the Founder vs Role of the Board

In this section, we highlight the key issues that the founder and the board need to focus on when starting a nonprofit. These include mapping the landscape to ensure the new organization is meeting an identified need, developing a mission statement, determining the organization's legal status, forming the first board, establishing good governance and legal and financial oversight practices, and creating a strategic plan. We also discuss succession planning—for both the founder and the board—because thinking ahead about leadership and governance transitions helps ensure the organization's long-term stability.

In the early stages of a nonprofit organization, the line between leadership and governance is often blurred. While this is understandable, we encourage both the founder and the board to work together to clarify these roles. In a recently published book, governance expert Patricia Bradshaw argues that “the process of leading involves making sense of the nonprofit's context, constituents, threats, and opportunities and creating and then championing a strategy and vision by telling a compelling story” (2025, p. 8). In contrast, governing is “the challenging, questioning, testing, probing and, if convinced, supporting of that story or vision.”



What founders need to know

So, you've decided to start a nonprofit organization. Congratulations! You are about to embark on a journey that will be filled with both rewards and challenges. Before you get too far into the process, however, it's essential that you understand the commitment you're making. Although you are likely driven by a strong desire to make a difference in the world and should be commended for that, starting a nonprofit is not for the faint of heart. There are many issues to consider and many hurdles to overcome. In this section, we discuss the key issues a founder needs to consider when starting a new organization.

Mapping the landscape and articulating your organization's purpose

You undoubtedly already know what you want to do and may even be able to tell a very compelling story about why you want to do it. However, if you are creating a nonprofit organization, that's not enough. There are already 170,000 registered charities and nonprofit organizations in Canada, so before creating another one, it's important to research the needs of the community, determine what organizations are already providing similar services, and understand the funding landscape. Once you have done that, you will need to develop a written mission

statement that describes your organization's purpose and differentiates it from other organizations.

The purpose of a landscape analysis is to confirm that your new organization will address real needs and make a unique contribution. Even if you are confident this is the case, conducting the analysis allows you to clearly demonstrate it to others—such as prospective board members and funders. A thorough landscape analysis should identify needs and gaps within the specific geographic or demographic community you aim to serve, and/or in relation to the issue you plan to tackle. It should also examine who else is active in the space—including nonprofits, businesses, and government agencies—to clarify where your organization fits. If you intend to pursue external funding, the analysis should also assess potential funding sources and the competitiveness of the funding environment.

Once you have completed your landscape analysis, the next step is to craft a mission statement. A strong mission statement is clear, concise, and compelling. It should state what your organization does, who it serves, and why it matters—standing on its own without requiring additional explanation. Just as important, your mission statement should be specific rather than overly broad. In addition



Landscape Mapping Tools

Tamarack Institute has two useful landscape mapping tools: the [Landscape Diagram Tool](#) and the [Mapping Our Ecosystem Tool](#).

The Canada Revenue Agency publishes a [list of all registered charities](#). You can use the basic search feature to find charities by name and the advanced search feature to get a list of charities in a specific geographic area and/or serving particular causes.

Imagine Canada operates a fundraising research tool called [Grant Connect](#). You can use Grant Connect to research potential funders. Various payment options are available. A Community Edition is also available through many public libraries.

to communicating your purpose to others, it will serve as a decision-making tool for your organization, guiding choices about which programs to offer and which communities or clients to support. If it is too broad, it cannot effectively provide that direction. Ideally, your mission statement should also inspire people to support your organization; however, clarity should be your first priority.

- **Too broad:** Our mission is to support youth.
- **Clear and concise:** Our mission is to provide shelter to homeless youth in Saskatoon.
- **With a bit of inspiration:** Our mission is to support homeless youth in Saskatoon by providing safe shelter, essential services, and opportunities for long-term independence and stability.

Everything a nonprofit does should align with its mission statement. When organizations undertake activities that don't align with their mission, it's called mission drift. Mission drift is fairly common in the nonprofit sector, but it's something you want to avoid.⁴

⁴ For an excellent discussion of mission drift, its causes and consequences, see Man (2013).

Incorporation and charitable status

You don't have to incorporate a nonprofit organization in Canada, but there are significant advantages to doing so. One of the most important benefits of incorporation is that it creates a separate legal entity, which protects directors from personal liability for the organization's debts and obligations.⁵ An incorporated nonprofit can also open a bank account, enter into contracts, and own property. Finally, many funders, including both governments and foundations, often require incorporation as a condition of funding. Therefore, if you plan to build your nonprofit into something more than a small, all-volunteer organization, it makes sense to incorporate it.

Although there are undoubtedly significant advantages to incorporating your nonprofit, incorporation also has some disadvantages. These include the initial paperwork and fees related to applying for incorporation, along with ongoing obligations such as holding annual meetings, keeping minutes, adhering to bylaws, and filing reports with the relevant authorities.

You can incorporate your nonprofit federally or provincially/territorially. If you plan to operate across the country or in more than one province or territory, you will want to incorporate federally under the Canada Not-for-Profit Corporations Act (CNCA). Incorporation under the CNCA allows you to operate anywhere in the country. It also protects the organization's name nationwide. If you are certain that you will only ever operate within a single province or territory



Legal Resources

For starting a nonprofit organization:

Canada Not-for-profit Corporations Act, S.C. 2009, c. 23.

Government of Canada. 2019. Apply to become a registered charity.

Government of Canada. 2021. Not-for-profit corporations.

McDermid, K. & Wood, E. 2023. How to start a nonprofit in Canada: Everything you need to know. Edmonton: Muttart Foundation.

and are not concerned about your organization's name being used in other regions, then you can incorporate under your province's/territory's relevant act (e.g., the Ontario Not-for-profit Corporations Act, BC Societies Act, Quebec Companies Act).

You may also wish to consider applying for charitable status if you think you may qualify. The primary benefit of charitable status is that it allows you to issue official donation receipts that your donors can use to reduce their taxes. Therefore, if you plan to raise funds through individual donations, you will likely want to obtain charitable status. Many institutional funders also require grant applicants to have charitable status, although this requirement is being relaxed somewhat in the wake of recent legislative changes. A final benefit is that eligible charities can receive a 50% rebate on the GST/HST they pay on most purchases.

⁵ Incorporation does not protect directors from all liability. They can be held responsible if they breach their fiduciary duties, if they act outside of their authority, and in certain other cases.

Of course, there are also disadvantages to charitable status. While there is no application fee, the application process is more rigorous than that for incorporation, and the review takes longer, with a year not being uncommon. Consider engaging a lawyer to assist, as this can save you time and frustration. There are also restrictions on your activities. Charities must operate exclusively for charitable purposes; failure to do so can result in the loss of their charitable status. Finally, there are extensive annual reporting requirements, and most of the information you report is publicly available. Charitable status can only be granted by the Canada Revenue Agency (CRA).



Charitable Purposes

To be registered as a charity in Canada, an organization must have purposes that are exclusively charitable and conduct activities that further those purposes. The Canada Revenue Agency recognizes four categories of charitable purposes:

- Relief of poverty
- Advancement of education
- Advancement of religion
- Other purposes beneficial to the community

The last category is the broadest, but it is not unlimited. Purposes that fit into this category include advancing health, promoting the arts, protecting the environment, and providing disaster relief. It's important that the people who will benefit from these activities are either the public as a whole or a significant portion of it. This requirement excludes most social clubs and professional associations.

Forming your first board

To incorporate, you need at least three directors, although more will give you a greater diversity of skills, experiences, contacts, and perspectives, which will be helpful as you begin to build your organization. You will, of course, want to recruit people who believe in your mission. Beyond that, you should think about recruiting some people who have experience in the nonprofit sector and/or are knowledgeable about governance in either the nonprofit or for-profit sectors. You will likely also want people who are knowledgeable about the community you plan to serve and/or have useful skill sets (e.g., law, accounting, fundraising, marketing). Depending on your mission, you may wish to recruit people with specific lived experiences and/or from particular demographic groups.

“I didn’t really know much about boards and how to fill them and what the purpose of a board really is.”

– Founder

You may be tempted to ask friends or family members to join your board, but this is not a great idea. It is preferable that board members be “at arm’s length.” This is a legal phrase that means that two people are independent and not closely related either personally (e.g., husband and wife) or financially (e.g., employer and employee). In the case of charitable organizations and public foundations, it’s legally required that the majority of directors be at arm’s length. However, even if it’s not legally required, it’s a good practice to follow to



Relevant Standards

A18 – Board composition (all levels):

The board is comprised of no fewer than three (but preferably five or more) directors, a majority of whom are at arm’s length to each other, to the most senior staff person and/or to other management staff. No employee may be a director.

A19 – Board compensation (all levels):

No member of the board is entitled to receive, either directly or indirectly, any salary, wages, fees, commissions or other amount for services rendered to the organization in their capacity as a director.

A20 – Board orientation (all levels):

A process is in place to ensure the orientation of new board members. Board members must understand their legal and fiduciary responsibilities, exercise due diligence consistent with their duty of care, be familiar with the organization’s activities, and be fully informed of the financial status of the organization.

ensure that board decisions are—and are seen to be—fair and unbiased, that there is proper oversight of the organization’s activities, and that no one receives undue benefit from their involvement with the organization.⁶

⁶ Examples of undue benefit include excessive remuneration (e.g., remuneration that is significantly higher than what similar organizations pay for similar work) and excessive payments for services, facilities, or equipment provided to the organization (e.g., renting space at much higher than market value from a board member).

There are several ways to find people to join your board. A good place to start is your personal and professional network. As noted above, you should avoid having close friends or family members on your board, but it's fine to ask them for referrals to potential board members. When you identify a potential board member, meet with them to introduce them to your idea and gauge their interest. If you don't think they are a good fit or they're not interested, ask them for referrals to others who might be.

Many organizations, even well-established ones, issue open calls for board members by posting a "job description" on their website and/or on job search sites such as [Charity Village](#). Amplify your ad by sharing it on social media platforms. Finally, there are a few organizations in Canada that offer matching services for individuals seeking to join nonprofit boards and nonprofits looking for board members. Altruvest Charitable Services offers a service called [Boardmatch](#), while Capacity Canada offers a similar service called [Matchboard](#).

When talking to potential board members, you should not only discuss what you want to accomplish, but also what work you see the board focusing on and how much time will be required. Being transparent about this will increase your chances of recruiting board members who contribute positively to the organization and complete their terms. Share any documentation you have regarding the organization's mission and planned activities, as well as any existing governance documents (e.g., bylaws, application for charitable status). You should also ensure they understand the responsibilities of being a board member. You will find more information about this, as well as suggestions about where to learn more, in the section entitled "[What Board Members Need to Know](#)."

"My wife was the original board chair, so we were not arm's length."

– Founder



Should the Founder be on the Board?

In the early days of a nonprofit, the founder may sit on the board, especially when there is no staff and the board functions as a "working board" that carries out the organization's activities. However, if the founder takes on the role of executive director—overseeing day-to-day operations—and particularly if they are paid for that work, it is strongly advised that they not serve as a board member. This is because it blurs the essential line between governance and management. The board is responsible for governance, while the executive director is responsible for management and reports to the board. Serving in both roles creates an inherent conflict of interest. For this reason, Imagine Canada's Standards prohibit any employee from serving as a director.

Succession planning

You may think it's strange to talk about succession when you are just getting started, but it's actually the *best* time to start thinking about it. The reason for this is that there are systemic and structural elements that can be put in place from the start that will make it easier for you to transition out of your role in the future. Many nonprofit founders do not consider succession planning until it is too late, and as a result, there is insufficient documentation for the next leader to build upon. Planning for succession early on will also support your board in ensuring that the organization is set up for success after you move on.

Every nonprofit should have two types of succession plans:

- **An emergency succession plan:**
This plan outlines who will manage the organization if the most senior staff person is suddenly unavailable due to illness, termination, or another reason. It should identify one or more individuals who can temporarily manage the organization, outline essential responsibilities, and specify where key information can be found and who should be notified of the leadership change. The primary purpose of an emergency succession plan is to ensure continuity and stability.
- **A long-term succession plan:**
This plan identifies how the organization will build and maintain a strong, effective leadership team over time. It identifies the skills and qualities the organization needs in leadership roles and people who have the potential to grow into these roles. It may also include plans and timelines for moving these people into progressively more senior positions. The main purpose

of a long-term succession plan is to grow the organization's leadership capacity in a deliberate and sustainable manner.

More information about succession planning, including a list of resources, can be found in the [third section](#) of this resource.

"Our founder has been with us for 13 years as Executive Director, done an amazing job. He's 76 now.

We want to make sure that the charity survives if something should happen to him. We talk about that at every board meeting."

– Board Chair



Relevant Standards

A6 – Succession planning, most senior staff person:

- **Level 1 & 2**
The organization has a written emergency succession plan in place for the most senior staff person. The board or a board committee reviews and approves this plan every three years.
- **Level 3**
The organization has a written long-term succession plan and a written emergency succession plan in place for the most senior staff person. The board or a board committee reviews and approves these plans every three years.



What board members need to know

So you've joined the board of a founder-led organization. Congratulations! Being a board member is an important job and one that can be highly rewarding. Nonprofit organizations can't exist without boards, and being part of a board allows you to contribute your knowledge and experience to a cause you care about. That being said, board members carry significant responsibility. A board is not a social club or a fan club for the founder. The board as a whole is responsible for the strategic and legal governance of the organization, and individual board members have specific legal and fiduciary duties.

This section focuses on the board's role in the strategic and legal governance of a newly established, founder-led organization. Before we proceed, however, we need to briefly discuss the responsibilities of individual board members. These are known as fiduciary duties. A *fiduciary* is someone who is legally obligated to act in the best interest of another party. In the context of nonprofit organizations, individual board members are legally obligated to act in the best interest of the organization.

There are three fiduciary duties:

- **Duty of care** is the obligation to act with the same care that a reasonable person would exercise in similar circumstances. The duty of care means that board members should understand the organization's mission, vision and strategic plan; prepare for and attend board meetings and review the organization's finances and ask questions about them.⁷
- **Duty of loyalty** is the requirement to put the interests of the organization above personal or professional interests. The duty of loyalty requires board members to refrain from using their position for personal or professional gain, avoid conflicts of interest whenever possible and disclose them if they arise, and make decisions based solely on what is in the best interest of the organization.
- **Duty of obedience** is the duty to ensure the organization complies with applicable laws and regulations and adheres to its mission and governing documents. The duty of obedience means that board members must adhere to the organization's bylaws and other governing documents, ensure the organization does not stray from its mission, and do their best to ensure it operates in compliance with the law at all times.

⁷ Directors of registered charities may be held to a higher standard of care than directors of other nonprofits. See Carter and Demczur (2012) for more information.

As you can see, your fiduciary duties are significant. As you read the rest of this guide, keep your fiduciary duties in mind. Imagine Canada's Standards, and many of the recommendations we make, are designed to help you fulfill these duties.



Imagine Canada's Let's Imagine Podcast

This podcast episode highlights the crucial role boards play in overseeing the activities of charities and nonprofits (and what can happen when they do not fulfil their role).

Establishing good governance practices

For a newly established organization, one of the board's most important responsibilities is to put strong governance practices in place. Good governance will help ensure the nonprofit remains mission-focused, accountable, and legally compliant, no matter how it grows or changes over time. This work is particularly important when an organization is new because structures are still being developed and there is often uncertainty about roles, responsibilities, and procedures. By establishing sound governance from the beginning, the board helps create a framework that supports the founder's vision, enables staff to work effectively, and builds the trust of funders, partners, and the public.

The key document you need to develop is usually referred to as *terms of reference*. Board terms of reference typically cover the following topics:

- Purpose, responsibilities, and operating structure of the board
- Purpose and mandate of each board committee
- Key positions on the board (e.g., chair, treasurer, secretary, committee chairs) and the responsibilities of each
- How the board functions (e.g., number of meetings per year, in-camera meetings, how meeting agendas are created and distributed, minutes and other record-keeping procedures, attendance expectations)

Meetings are the primary mechanism for board members to share and discuss information and make decisions. They may be held in person or online. Imagine Canada's Standards require organizations to hold at least two board meetings a year at which the agenda is not restricted to a specific issue. This should be considered the absolute minimum number of meetings, however, and is likely too few for an organization that is just starting. During the start-up phase, quarterly or even monthly board meetings are likely more appropriate.

At some point, the need for confidentiality will necessitate that the board meet without any staff or other stakeholders present. Such meetings are referred to as *in-camera* meetings. Because calling an unexpected in-camera meeting can be awkward or even cause alarm, governance experts recommend that boards hold them regularly, ideally at every board meeting. A typical process is to have an in-camera meeting with only the

most senior staff person present before each regular board meeting and an in-camera meeting with board members only after each regular board meeting. The Standards require at least two meetings of each type per year.

Accurate minutes and thorough documentation are essential to transparent, accountable governance. Minutes provide

an official record of the agenda, materials reviewed, votes taken, and decisions made. Minutes should be kept for all board and committee meetings, and all directors should have the ability to access these minutes or obtain them upon request. Records should also be kept of all policies that have been approved by the board. All directors



Relevant Standards

A16 – Number of meetings (all levels):

The board holds a sufficient number of meetings each year to ensure the appropriate direction and oversight of the organization's activities. At minimum, the board holds two meetings a year at which the agenda is not restricted to a specific issue or issues (e.g., appointment of officers).

A17 – Board terms of reference:

■ **Level 1**

The organization has written terms of reference for the board and board chair. These terms of reference have been approved by the board.

■ **Level 2 & 3**

The organization has written terms of reference for the board, board committees and board chair. These terms of reference have been approved by the board. The board terms of reference outline how the board will review, approve, and monitor the organization's:

- mission/strategic direction,
- annual budget,
- key financial transactions,
- compensation practices and policies, and
- fiscal and governance policies.

A21 – Board records (all levels):

Formal minutes of board meetings are recorded and retained. Policies approved by the board are filed appropriately.

A28 – In camera sessions (all levels):

At least twice a year, the board holds a scheduled in camera session with only the board present. At least twice a year, the board holds a scheduled in camera session with only the board and the most senior staff person present.



should review the minutes and policies regularly to ensure they accurately reflect the board's discussions and decisions, while also preserving a reliable history of the organization's governance.

Strategy and planning

Another key responsibility for boards of newly established organizations is to develop a strategic plan. A strategic plan is a roadmap that describes how the organization will achieve its mission as well as a tool for evaluating progress. Strategic plans in the nonprofit sector typically cover a three-year or five-year period. A shorter period may be more appropriate when starting a new organization or during periods of transition, while a longer period may be more suitable for established organizations that have a clear understanding of their role and position within the environment.

A strategic plan does not need to be a long or complicated document. To start, it is sufficient for it to include the following:

- **Goals:**
Three to five broad goals the organization aims to achieve over the next several years.
- **Objectives:**
Two or three specific objectives related to each goal that you plan to achieve during the period covered by the strategic plan. To be useful, objectives should be Specific, Measurable, Achievable, Relevant and Time-bound (SMART).
- **Activities:**
The key activities that will be carried out to fulfill each objective.
- **Indicators of success:**
How you will measure your success in achieving your objectives.

Table 1 is an example of how this might look for a newly-formed organization whose mission is to support homeless youth in Saskatoon by providing safe shelter, essential services, and opportunities for long-term independence and stability.

Table 1

Example of a simple strategic plan

Goal	Objectives	Activities	Indicators of Success
Establish a safe, functional shelter for homeless youth	Raise \$500,000 in capital funding through grants, donations, and sponsorships by [target date] to support facility acquisition and setup	• Develop a capital campaign plan with clear branding and goals • Identify and apply to 5-10 funding opportunities • Host 2-3 fundraising events • Launch an online donation program	• Percentage of target amount raised • Number of funding applications submitted • Number of individual donations secured • Reach of online donation program (e.g., website traffic, social shares, email open rates)
	Secure a suitable property to serve as a 20-bed youth shelter by [target date]	• Conduct a facility needs assessment • Apply for funding to assist with leasing costs • Identify suitable locations • Negotiate lease	• Needs assessment completed by target date • Funding secured by target date • Locations identified by target date • Property secured by target date
Deliver basic services and outreach while the facility is in development	Provide essential services (e.g., hygiene kits, food, referrals) to at least 100 youth via pop-up or mobile outreach by [target date]	• Partner with other nonprofits and shelters for joint outreach • Distribute kits with hygiene items, socks, snacks, and information • Track all services using simple intake forms	• Number of partnerships formed • Number of outreach events held • Number of kits distributed • Number of referrals made to other services in the community
	Host monthly youth resource clinics (mental health, legal aid) in community spaces starting by [target date]	• Identify and book free or low-cost venues for clinics • Invite professionals to offer services pro bono • Promote clinics to target the population	• Number of clinics held • Number of professionals engaged • Number of youth attending each clinic

“She [the founder] kind of snuck that in, this additional thing they were doing, and then it turned into this additional grant, and then there’s a whole other team now. From the board perspective, we were kind of like, wait, where did this even come from? And this is where if we have a strategic plan, we would follow it. We didn’t have one at the time.”

– Board Member

Although the founder may have originally defined the organization’s mission, it is the board’s role to ensure it remains relevant over time. Imagine Canada’s Standards require boards to review and approve their organization’s mission statement every five years. This is an excellent opportunity for the board to discuss the mission in depth and reflect on what progress has been made in advancing it. It’s also an excellent opportunity for new board members to develop a better understanding of the mission. Note that if you change your organization’s mission significantly, you may need to amend your articles of incorporation. If the organization is a registered charity, it is advisable to check with CRA first to ensure that it will continue to qualify for charitable status.

It is also the board’s role to regularly evaluate the organization’s progress in relation to its strategic plan. Imagine Canada’s Standards require medium and large organizations to do this annually, and this is good practice even for small organizations. If your organization’s strategic plan includes SMART objectives and measurable indicators of success, this should be a fairly straightforward process.



Relevant Standards

A1 – Mission statement (all levels):

The organization has a mission statement. The mission statement is revisited and approved by the board at least every five years to ensure its continued relevance.

A2 – Strategic plan:

■ **Level 1**

The board is responsible for approving a strategic plan. The organization has a process to evaluate progress in achieving the plan’s goals.

■ **Level 2**

The board is responsible for approving a strategic plan. The organization has a written plan that explains how it will measure progress towards achieving the goals identified in the strategic plan. At least once a year, the board reviews the organization’s progress towards achieving the goals identified in the strategic plan.

■ **Level 3**

The board is responsible for approving a strategic plan. The organization has a written plan that explains how it will measure progress towards achieving the goals identified in the strategic plan. At least once a year, the board reviews the organization’s progress towards achieving the goals identified in the strategic plan. The organization’s progress on achieving its strategic goals is made publicly available where data are available.

Legal and financial oversight

Many board members—especially those who join the board when the organization is first being formed—are primarily driven by an interest in, perhaps even a passion for, the organization’s mission. If this describes you, you may be dismayed to hear that the board is also responsible for the organization’s legal compliance and financial health. “But I don’t understand legal or financial matters,” you say. Well, you need to learn about them because this oversight is among the most critical fiduciary roles of any board!

To fulfill this responsibility, the board should, at minimum:

- Have a process for monitoring compliance with its governing documents (e.g., by-laws)
- Have a process for monitoring compliance with applicable laws and regulations
- Approve the annual budget
- Regularly review actual revenues and expenses against budget
- Periodically review the cash position of the organization in relation to its future obligations
- Review and approve the annual financial statements
- Review and approve the organization’s tax return

Ideally, your board will include members with legal and financial expertise, but even if it does, those individuals should not be relied upon exclusively. Every board member has a duty to understand the organization’s legal obligations and financial health to protect both themselves and the organization from liability and to make well-informed decisions. Board members should also be familiar with the information reported to government through the organization’s annual tax return. For registered charities, this information is especially important, as it is used to assess legal compliance. Portions of it are also made public, so inaccuracies or weaknesses could harm the organization’s reputation.⁸

There are numerous options available to board members seeking to enhance their understanding of their legal and financial responsibilities. The [textbox on the next page](#) lists some excellent, free resources. Many national, provincial and local capacity-building organizations also offer free or low-cost resources and training, as do some law and accounting firms. Some universities and community colleges offer suitable courses, although these will be more expensive. Finally, if you are interested in taking your board skills to the next level, you may want to consider a certification program, such as those offered by the [Institute of Corporate Directors](#), [The Directors College](#), and [Governance Solutions](#).

⁸ Different types of organizations are required to file different tax returns. Charities submit a Form T3010; nonprofits submit a Form T2; Registered Canadian Amateur Athletic Associations submit a Form T2052. To see what information about charities is made public, search for a charity you are familiar with on the [CRA website](#) or on [charitydata.ca](#).



Resources

Resources about legal and financial duties of board members:

Carter, T., & Demczur, J. 2012. The Legal Duties of Directors of Charities and Not-For-Profits. Toronto: Carters Professional Corporation.

Corporations Canada. 2022. Responsibilities and liabilities of directors and officers.

Muttart Foundation. 2008. Financial Responsibilities of Not-for-Profit Boards: A Self-Guided Workbook.

Williams, D. 2020. A Guide to Financial Statements of Not-for-Profit Organizations. Toronto: Chartered Professional Accountants of Canada.



Training and Resources

Nonprofit organizations that offer training and resources on governance and management:*

Alberta Nonprofit Network

Institute on Governance

The Nonprofit Chamber
(formerly Calgary Chamber of Voluntary Organizations)

Capacity Canada

Ontario Nonprofit Network

Community Foundations of Canada

Philanthropic Foundations Canada

Vantage Point (British Columbia)

Community Sector Council of Newfoundland and Labrador

Pillar Nonprofit Network
(London, Ontario)

Voluntary Resource Council
(Prince Edward Island)

Edmonton Chamber of Voluntary Organizations

Réseau québécois de l'action communautaire autonome

Volunteer Alberta

Imagine Canada

Saskatchewan Nonprofit Partnership

Volunteer Canada

Impact Organizations of Nova Scotia

Volunteer Manitoba

*This list is not exhaustive. Specific offerings vary.



Relevant Standards

A9 – Legal compliance (all levels):

The board or a board committee oversees the organization's compliance with its own governing documents (e.g., letters patent, by-laws) and all applicable federal, provincial, territorial and municipal laws and regulations. Organizations conducting programs outside Canada also abide by applicable laws, regulations and conventions in that jurisdiction, unless these are in conflict with laws in Canada.

B1 – Financial statements (all levels):

Organizations must complete annual financial statements in accordance with an acceptable accounting framework as identified by Chartered Professional Accountants Canada (CPA Canada).

B2 – Audit or review engagement (all levels):

Organizations with over \$1 million in annual revenue must have their financial statements audited by an independent licensed public accountant. Other organizations may have a review engagement unless they are required by their governing legislation to have an audit.

B3 – Release of financial statements (all levels):

The organization's financial statements must be received and approved by the board and released within six months of year-end.

B4 – Tax filing (all levels):

The board has a process to ensure that an accurate tax return is filed with the Canada Revenue Agency (CRA) within six months of year-end, as required by law. The board or a board committee reviews and approves the tax return annually, prior to its submission to the CRA.

B5 – Budget approval and oversight (all levels):

The board approves the annual operating budget. The board has a process to monitor the organization's performance in relation to the annual budget. The board or a board committee reviews the cash position of the organization in relation to its future obligations at least twice a year. The board or a board committee reviews actual revenues and expenses versus budget at least twice a year.

Board development and succession planning

Board development is the intentional, ongoing process of strengthening a nonprofit's board of directors so it can effectively govern the organization, support its mission, and adapt to its evolving needs. Board development starts with an effective recruitment and orientation process. We discussed board recruitment and orientation in the previous section because the founder is likely to carry out these activities when the organization is just getting started. It is important to note, however, that as the organization becomes more established the board should assume responsibility for them.

Another key aspect of board development is ensuring that board members possess the necessary knowledge to fulfill their responsibilities. As we discussed earlier, there are numerous resources and training opportunities available. Many boards leave it up to individual board members to seek out what they feel they need. Other boards, however, proactively provide resources and training that will contribute to the overall effectiveness of the board. Of course, not all board development needs to relate to governance. Some boards may require education on the cause the organization supports, the communities in which it operates, or the population(s) it serves. Boards may also want to provide targeted resources or



Relevant Standards

A22 – Board succession (all levels):

The board has a process to review succession plans for the positions of board chair and committee chairs once a year.

A23 – Board development (level 2 & 3 only):

The board or a board committee has a process to assess the development needs of board directors and provides appropriate educational opportunities for them where appropriate. This process takes place once a year.

training for people filling specific roles, such as the board chair or committee chairs.

Finally, the board is responsible for ensuring that it remains strong and stable over time. This means preparing for both planned and unplanned transitions, especially in relation to key positions. A board succession plan enhances continuity and minimizes disruption by identifying board members who have the potential to fill key positions and gaps that can be addressed through future recruitment efforts.

Navigating Founder's Syndrome: Avoiding common pitfalls from the start

Founder's Syndrome exists on a spectrum and develops over time (see Figure 1 for a visual depiction of the spectrum). Founders can fall anywhere on the spectrum over their founder leadership journey. Some founders start out on the left side of the spectrum and remain there throughout the tenure of their leadership time. Others begin somewhere in the middle when the organization is getting off the ground and progress towards the right side over time. Still others begin in the middle but seek support to increase their self-understanding, leadership skills and self-awareness and are able to move towards the left side. We strongly encourage founders who are just starting out to examine their motivations for starting a nonprofit very carefully. Why do you want to create a nonprofit? Why do you want to create *this particular nonprofit*? Remember, nonprofits exist to achieve a mission. Is the mission your motivation? Or is it something else? Be as honest with yourself as possible. Asking the tough questions at the start will help to prevent possible personal and organizational pain in the future.

“We all know the personality profiles of founders. They tend to be very independent, have vision, work too hard for much less than anybody would. But with that

personality type, there's often an ego attachment. You have to be attached to something to work that hard, but if it's you...I don't think that's very healthy.”

– Founder

For founders with Founder's Syndrome, the organization is often primarily a vehicle for moving a personal agenda forward. If you think this may be even part of your motivation, you should consider whether founding a nonprofit is a good idea. This is because there is a danger that the attention and acclaim that comes from leading a successful organization will distract you from the goal that should always be front and centre for any nonprofit: delivering on the mission.

Here is a definition of Founder's Syndrome that encompasses the overall impact on the organization (internally and externally):

“A malady that affects founders who are primarily driven by the need to control, without clear delegation or succession planning, often using defense strategies such as dominance to maintain legitimacy. Within the organization, this often results in dysfunctional leadership and management practices as well as a social structure that forms around the founder to protect their image in the public eye” (Kislenko, 2021).

It can be tempting to accept every opportunity for visibility—whether that means saying yes to every offer that comes your way or seeking the spotlight in the media. To avoid “believing your own PR,” surround yourself with people you trust, both professionally and personally, who will give you honest feedback and

challenge your perspective when needed. Just as important, be willing to listen and act on their input. Establishing this discipline early on will go a long way in keeping your leadership grounded and in preventing the development of a toxic workplace culture down the road.

Figure 1
The Founder’s Syndrome Spectrum



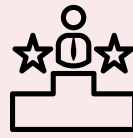
Source: Kislenko, 2021

A common challenge for leaders experiencing Founder's Syndrome is the desire to control every aspect of the organization. This often shows up as a requirement that all decisions—even very minor ones—must go through the founder. While this may be understandable in the earliest stages, when there are no staff to delegate to and few others familiar with the organization's goals, it becomes problematic as the organization grows. Once a board is in place, it must be involved in major decisions and supported in fulfilling its proper governance role. The power dynamics established in these early days set the tone for the organization's future, and it is far easier to create a balanced governance structure from the start than to correct unhealthy patterns once they are entrenched.

“If you start reading your own press and believing it, you're screwed.”

– Founder

If you are a founder who finds yourself resisting board involvement in decision-making, you should consider seeking outside support. Creating the organization does not mean you must have all the answers—no leader does. Like anyone, you have doubts and blind spots, and acknowledging them is a sign of strength, not weakness. Surround yourself with trusted allies who will both support you and challenge your thinking. If you lack prior leadership experience, consider working with a mentor who has built nonprofit organizations or with a professional executive coach. If you engage a coach, however, commit to being fully honest with them. They can only help you if they have a clear picture of your challenges, and withholding your doubts or weaknesses will only hold you—and the organization—back.



Symptoms of Founder's Syndrome

- The organization's image is strongly identified with the founder
- High levels of micromanagement by the founder
- The founder's inability to delegate
- The founder's viewpoint is the only one that matters
- The founder is the only real decision-maker
- Extreme levels of staff turnover
- Founder sabotages the efforts of other staff members if they threaten to overshadow the founder's public image
- No informational transparency across the organization (this often leads to departmental silos)
- Only “yes” people around the founder (staff and board)
- Discouragement of any contact or communication between staff and board
- Repressed organizational growth (inability to meet full growth potential)
- Lack of a concrete succession plan for the founder or desire of the founder to create one

If you are a board member and notice that the founder resists involving the board in decision-making or avoids putting key policies in place, it's important to address this early. These behaviors may signal a reluctance to share leadership or establish organizational structures—both of which can undermine the organization over time. Resistance to strategic planning is another warning sign, whether it shows up as avoiding the process altogether or failing to implement the plan once developed. Such patterns suggest the founder may need help transitioning from a hands-on, day-to-day role to a more collaborative, future-focused leadership style. When raising these concerns, emphasize that you are there to support the founder's vision while also ensuring the organization is positioned for lasting success. In some cases, additional support may be all that is needed. But if the founder remains unwilling to engage, you may need to consider whether continuing on the board is right for

you—particularly if the situation prevents you from fulfilling your fiduciary responsibilities.

“Sometimes we read in the newspapers about various organizations where founders just cling a little tightly or have ideas and don't listen. It's important to have a listening relationship—that really good communication which involves listening as well as talking between the founder and the board.

If that understanding is there, it engenders trust and then you can really move forward. But the board does have to be vigilant with the founder to make sure that that trust is justified and that things are going the way they should.”

– Board Chair



Running a Nonprofit: Management vs Governance

In the previous section, we discussed the key issues that need to be considered when a nonprofit is in the start-up or formation phase. While the roles of founder and board may overlap in the early stages of a nonprofit, especially when resources are limited, the distinction between management and governance becomes increasingly important as the organization grows. Clarifying these roles as the organization becomes established helps

ensure effective oversight, sound decision-making, and long-term sustainability. Failure to do so can, over time, lead to a range of problems, including lack of transparency and accountability, conflicts of interest, inadequate risk management, abuse of authority, and erosion of trust.

In this section, we assume that the organization has progressed to the stage where it has staff and that the founder is the most senior staff person (e.g., Executive Director, Chief Executive Officer).



What founders need to know

As the most senior staff person, your primary responsibility is managing the day-to-day operation of the organization. We will not cover all aspects of this large job, as that is not the purpose of this guide, and there are other resources that do so (see the textbox to the right for suggestions). However, we would like to discuss four key areas crucial to the long-term success of your organization and your long-term success as a founder: hiring and managing staff, building effective systems and processes, maintaining public trust, and collaborating with the board.

Hiring and managing staff

As the organization you founded grows, you will undoubtedly find yourself needing to hire staff. You simply won't be able to do everything alone, even with the help of your board. Getting to the stage of hiring staff is exciting, but it can also be challenging, especially for founders, because it means you will be delegating important tasks to other people. You may find yourself resisting the idea, even though you know you need help. If this occurs, think seriously about why and what you can do to overcome your resistance. It's essential to resolve any internal conflicts you may have before embarking on the hiring process.



Books on Managing Nonprofit Organizations

Aptowitzer, A. 2020. *Running a Charity: A Canadian Legal Guide*. Toronto: Civil Sector Press.

Bourgeois, D.J. 2009. *Charities and Not-for-Profit Administration and Governance Handbook*, 2nd ed. Toronto: LexisNexis Canada.

Plumtre, T. 2019. *The Intrepid Nonprofit: Strategies for Success in Turbulent Times*. Toronto: Civil Sector Press.

Seel, K., & Knutsen, W. 2023. *Management of Nonprofit and Charitable Organizations in Canada*, 5th ed. Toronto: LexisNexis Canada.

“Founders can’t do it all. We need to realize when it’s time to say, ‘Yes, I need your skillset to take it to the next level.’”

– Founder

Once you are sure you are ready to hire (and have the resources to do so), think about what needs to be in place to allow you to hire the right people and set them up for success. One of the first things you will need to think about is a job description. You may be happy operating without a job description, but your staff will not be. Job descriptions are a crucial human resources tool that enhances both individual and organizational effectiveness. They guide the recruitment and selection process, assist with orientation and training, and play a central role in performance management.

Once you have a job description, you are ready to begin the recruitment and selection process. This is a multi-step process that includes determining your selection criteria (i.e., the knowledge, skills, qualifications and experience needed to fill the position), developing a job posting, deciding where

to post, reviewing resumes, interviewing candidates, checking references, making an offer, and communicating your decision to unsuccessful candidates. To ensure you attract a strong and diverse pool of candidates, you will want to advertise widely. It's also important to involve multiple people in the recruitment and selection process. When you are hiring for your first staff positions, you can ask board members to help; once you have staff, you can ask some of them to participate.

You have extended a job offer, and it has been accepted. Congratulations! The next step is to prepare to onboard your new employee. Onboarding is a critical step that many employers overlook. This is unfortunate as a good onboarding process increases the chances that a new employee will be successful in their role, engaged in their job, and stay with the organization. The onboarding process should include



A Word About Salaries

Recent research (Lasby, 2025) shows that workers in the nonprofit sector are paid significantly less than workers in the for-profit and government sectors. In fact, the average annual salary for a nonprofit worker is 13% lower than the average salary for all Canadian employees. When we look only at workers in the community nonprofit sector (which excludes hospitals and universities), the gap is an incredible 31%. Even more disturbing, most of the gap in nonprofit salaries is driven by paying women and racialized people less.

There are several things you can do during the hiring process that will help to reduce pay inequity in the nonprofit sector:

- Don't ask for unnecessary degrees or other unnecessary qualifications
- Disclose the salary range in the job posting and refuse to negotiate outside this range
- Don't ask candidates about their previous or current salary

completing all necessary forms and paperwork; sharing essential information (e.g., the organization's strategic plan, annual report, organizational chart, staff contact list); ensuring that the new employee is set up with the equipment and technology they need to do their job; and facilitating meetings with relevant people (e.g., other staff, board members, funders, partners).

With a small staff team, it is not necessary to implement a complex performance management system. Still, if you want employees to be engaged and successful, it is important to establish some basic processes. Imagine Canada's Standards require that every employee have a work plan or performance objectives that outline their responsibilities, activities, and expected results. They also require that each employee's performance be formally assessed at least once a year. Even simple practices like these can provide clarity, accountability, and motivation, helping staff feel supported in their roles.

All this likely sounds daunting, but numerous resources are available to help you with hiring and managing staff. Imagine Canada's Standards highlight 13 essential elements of effective human resources practices, including clear and accessible policies, fair compensation, well-defined job descriptions, inclusive recruitment and selection processes, thorough orientation and training, effective performance management, employee development, succession planning, and constructive approaches to resolving workplace conflict. Imagine Canada also operates a free resource called [HR Intervals](#), where you can find information on all these topics and more.



Relevant Standards

D1 – Human resources policies (all levels):

The organization has written HR management policies that, at minimum, comply with employment laws, human rights, health and safety laws, and other applicable legislation.

D5 – Job descriptions (levels 2 and 3 only):

All employees at the organization have written job descriptions.

D6 – Recruitment and selection process (all levels):

Employees are recruited and selected through an objective, consistent process that, at minimum, complies with human rights legislation.

D8 – Orientation and training of new employees (all levels):

All employees who are new to the organization or new to their position are provided with appropriate orientation and training.

D9 – Performance objectives (all levels): All employees have a work plan or a set of performance objectives that identify their tasks and activities, and outline the expected results of these tasks and activities.

D10 – Performance evaluations (all levels):

The performance of each employee is assessed at least once a year.



Self-assessment tool

HR Checkup is a free self-assessment tool designed specifically for Canadian nonprofits.

Building systems and processes

Building systems and processes is essential to the success, sustainability, and impact of your organization, especially as it grows and matures. The larger your budget is, and the more staff you take on, the more important systems and processes become. Small organizations with limited budgets and small staffs may be able to operate reasonably well in an ad hoc manner. As your organization grows, however, systems are needed to ensure that it is meeting its goals, has stable funding streams, and maintains a positive public image. They are also important in ensuring fairness, maintaining staff and volunteer morale, and reducing waste and inefficiency. Finally, systems are essential if you want to scale your organization (i.e., increase its impact, geographical reach, and/or the number of people it serves).

The creation of systems and processes is an area where many founders struggle. Founders tend to be action-oriented, big-picture visionaries rather than patient, detail-oriented system-builders. If this describes you, you will want to hire people who can build the systems and processes you need to take your organization to the next level. To ensure their success, you will need to communicate your

vision for the scale and impact you want the organization to have, as well as the resources available to build the necessary systems. But don't micromanage them. You hired them because they have skills you lack, so let them put those skills to work!

Most nonprofits require a range of systems to operate efficiently at scale:

- **Financial systems:**

Budgeting process, accounting system, internal controls, revenue management, expense management, time tracking, payroll, financial reporting

- **HR systems:**

Standardized job descriptions, standardized recruitment, selection and onboarding processes, HR policies, compensation frameworks, performance management systems

- **Program delivery and evaluation systems:**

Theory of change, logic model, standard operating procedures, program manuals, client management systems, data collection tools, reporting processes

- **Fundraising systems:**

Fundraising strategy, prospect research tools, donor management system, grant management system, stewardship processes

- **Marketing and communications systems:**

Brand guidelines, marketing and/or communications plans, crisis communications plan, internal communications systems

- **Technology and data systems:**

Technology infrastructure and support, technology strategy or roadmap, data security and privacy policies and processes, data management plan

It's not necessary to build all these systems at once or on the same timeline. However, it is vital to get started. The bigger your organization gets, the more complex its systems will need to be, so it's better to start early with simple systems and build on them as the organization grows. It's also important to keep in mind that, regardless of when you start developing your systems, they will continue to evolve as both the organization and the world around it change. And if you find yourself resisting all this structure and formality, remember: systems turn vision into impact!

“There’s an unwillingness to let go. When we started to mature as an organization, and there was a need for him to spend less time doing [program work] and actual service delivery and more time growing into the ED role, doing more administration and relationship building, it was a challenge to get him to let go of the [program work] because he loves that. That’s why he made the organization.”

– Board Chair

Maintaining public trust

It has been said that trust is a nonprofit's greatest asset. Trust is what makes individuals want to donate their time and/or money. It's what makes companies want to sponsor you and foundations want to give you grants. Trust is what makes people want to work for

you and other nonprofits wish to partner with you. And it's what makes the communities you serve respect and rely on you. Trust is not granted automatically. It is earned over time. And it can be lost in an instant. There are, however, several ways that nonprofits can build and maintain public trust.

Transparency is the cornerstone of trust for charities and nonprofits. If you expect people to trust you, it's important to be transparent about who runs your organization, what it does, and how it is financed. At a minimum, you should make the following publicly available on your website: information about your mission, programs, and services; the names of board members and their roles; the names of senior staff and their roles; and several years of financial statements. Other documents to consider making public include your annual report, strategic plan, program evaluation results, and policies related to ethical behaviour ([see p. 44](#)).

Clear and consistent communication is another way to build and maintain trust. In today's world, a website is an essential communication tool for most nonprofits, so it's worth spending some time (and money) to make yours appealing and user-friendly. Other common communication channels include newsletters, social media, and “town hall” meetings, which can be held in person or online. Regardless of the communication channels you use, ensure that you provide ample opportunities for your stakeholders to engage with you and provide feedback. It's also a good idea to have a crisis communication plan in place. This will help you respond quickly to any unexpected situation that threatens your organization's operations or reputation.

Fundraising practices are a common source of negative opinions about charities and nonprofits, so if you solicit donations from individuals, you will want to pay particular attention to this area. Fortunately, Imagine Canada's Standards have an entire section dedicated to fundraising. The Standards provide guidance on how to deal ethically with donors and prospective donors, fundraising activities and materials, payment of fundraisers, behaviour of fundraisers, cause marketing, and gift policies. The Association of Fundraising Professionals, a global organization headquartered in the United States, also maintains a [Code of Ethical Standards](#).

Finally, today's nonprofits have both a responsibility and an opportunity to lead in the area of equity and inclusion. Doing so not only reflects the diverse communities we serve, but also strengthens impact, trust, and long-term relevance. According to the 2021 census, 23% of Canadian residents are immigrants, and 27% are visible minorities (Statistics Canada, 2023). In many communities, particularly large cities, these percentages are even higher (in Toronto, for example, 47% are immigrants and 56% are visible minorities). Equity and inclusion are relevant to all areas of your organization, including governance, employment practices, program and service delivery, and marketing and communications. For more information, see [Shifting Dynamics: Equity, Diversity, and Inclusion in the Nonprofit Sector](#) (Lasby, 2023).

Working with the board

Now that your organization is well established, you are likely working less closely with the board than you were during the start-up phase. You may also have board members who are less familiar with the organization and less passionately committed to its mission. At this stage, many founders are tempted to try to limit the role of the board. This is understandable; a growing staff team, multiple programs, and the constant need to raise money likely occupy most of your time. The board may start to feel like just another burden or a formality that slows down the decision-making process. Resist this temptation!





Relevant Standards

A10 – Communication and consultation with stakeholders (all levels):

The organization identifies its stakeholders and regularly communicates and consults with these stakeholders about the organization's achievements and work.

A27 – Equity and inclusion policy (all levels):

The organization has a board-approved equity and inclusion policy. This policy is reviewed and approved by the board or a board committee every five years.

B10 – Disclosure—general (all levels):

The organization makes the most recent three years of financial statements and the names of all board members available on its website. If the organization is a charity or an RCAA, it makes its CRA registration number and the public portion of its most recent T3010 OR T2052 available on its website.

C6 – Fundraising activities (all levels):

All fundraising activities conducted by or on behalf of the organization must: be truthful; accurately describe the organization's activities; disclose the organization's name; disclose the purpose for which funds are requested; disclose the organization's policy with respect to issuing official donation receipts for income tax purposes, including any policy on minimum amounts for which a receipt will be issued; and disclose, upon request, whether the individual or entity seeking donations is a volunteer, an employee or a contracted third party.

C10 – Payment of fundraisers (all levels):

Individuals who solicit donations or who manage the solicitation of donations are not paid commission, finder's fees or percentage compensation based on the value of transactions. This standard does not apply to fees charged by fundraising and social media platforms, payment card processors or similar services that charge fees based on the value of transaction.

C11 – Behaviour of fundraisers (all levels):

Anyone seeking or receiving funds on behalf of the organization — whether a volunteer, an employee or a contracted third party — must: act with fairness, integrity, and in accordance with all applicable laws; cease contacting a prospective donor who states that they do not wish to be contacted; disclose immediately to the organization any actual or apparent conflict of interest; and not accept donations for purposes that are inconsistent with the organization's mission.

“I think sometimes [the board] would slow me down. They made me do due diligence when I didn’t feel a need to do it. I sometimes feel like they did it, not because it was the right thing to do, but just for them to remind me that I’m not the boss.”

– Founder

There is ample evidence that groups make better decisions (see, for example, Charness & Sutter, 2012); therefore, rather than trying to limit the role of the board, you should embrace it. A strong board will make you a better leader and will contribute significantly to the likelihood that your organization will continue to thrive long after you have stepped aside. So, no matter how busy you are (and we know you are very busy indeed), it’s worth spending time not only to build a good relationship with your board but also to help it take ownership of its responsibilities and build its own identity and culture.

If you aren’t sure what the board’s responsibilities should be, read through the sections of this guide that are directed to board members. If you conclude that your board is not fulfilling all its responsibilities, or that there are areas where it could do better, talk to your board chair about how to change that. Your goal is to ensure that the board governs the organization effectively while allowing you to manage the day-to-day operations. If you don’t already have terms of

reference for the board (see p. 16), this is one of the first steps to take, as clearly defined roles and responsibilities are essential to good board-staff relations.

Just as transparency builds public trust, it will also build trust between you and your board. Communicate regularly with board members, not just at meetings. Many Executive Directors meet weekly with their board chairs and share updates with the full board via email between meetings. If you can avoid it, don’t surprise the board with new plans that were not previously discussed or with a major crisis. Make it a habit to share both good and bad news at every board meeting. You should expect your board to celebrate your victories and help you overcome your setbacks.

When working with the board, be open to their feedback. Expect questions and even occasional pushback. If you aren’t getting it, ask yourself (and your board chair) why and what can be done to change the situation. Remember, the board is legally responsible for the organization, so board members not only have the right to question you but a duty to do so. You should also insist that the board sets performance objectives for you and provides you with feedback on your performance at least once a year. If your board resists doing this, speak to the chair. Explain that this isn’t just good practice; it’s a requirement of Imagine Canada’s Standards and a hallmark of high-performing organizations. A thoughtful performance review process fosters clarity, mutual respect, and accountability—all of which strengthen the organization and its ability to deliver on its mission.



What the board needs to know

In this section, we discuss some areas boards need to focus on as the organization moves beyond the start-up phase to hire more staff, develop more programs, and have greater impact. These include managing the most senior staff person (we assume this is the organization's founder), managing risk, establishing a framework for ethical conduct, and evaluating its own performance. If you haven't already read the section directed at board members of newly-formed organizations, you should read that first as it discusses the key legal responsibilities of nonprofit boards. Any areas discussed in that section that are not being attended to by the board should be addressed now.

Managing the most senior staff person

Overseeing the organization's most senior staff person—even when that individual is the founder—is one of the board's core responsibilities. While this can feel uncomfortable for both the board and the founder, it is essential to the organization's long-term success. When the founder also serves as executive leader, clear and consistent oversight is especially important to maintain healthy governance and to avoid blurring the lines between personal identity and organizational leadership. Performance discussions may be challenging, but they are vital to organizational health. Done well, open

and constructive oversight builds mutual accountability, strengthens trust, and ensures the board fulfills its legal responsibilities.

A strong performance review process includes a clear job description or terms of reference, annual performance objectives, and a formal annual review. Imagine Canada's Standards reinforce these expectations: every organization must document the senior leader's role, and those with more than 10 staff or over \$3 million in expenses are also required to set annual objectives and conduct performance reviews. Putting these practices in place not only strengthens leadership and accountability but also builds trust and helps position the organization to grow beyond reliance on any one individual.

A job description is the foundation of any performance management system. In the case of a nonprofit organization's most senior staff person, it outlines what the board sees as the primary responsibilities of the role and ensures that these are aligned with the organization's mission and strategy. It is also extremely useful for determining compensation and essential for recruiting a successor when the founder decides to step down. [HR Intervals](#), a free resource operated by Imagine Canada, provides information on job descriptions that is specifically geared to Canadian charities and nonprofits.. You can even find a [sample job description](#) for an executive director that you can adapt to meet your specific requirements.

If you are ready to move beyond the basics, a complete performance management process includes developing annual performance objectives and conducting an annual performance review.⁹ This process supports the growth and development of both the founder and the board. The performance management process is also an opportunity to align (or realign) the expectations of the founder and the board, thereby improving communication and productivity across the organization. If you are struggling with the idea of setting objectives for the founder and evaluating their performance, keep in mind that it isn't just about evaluation. It's also about helping people learn and improve, and everyone has room for improvement.

“Having those discussions about the performance and the role of what the ED needs to do are very difficult when you have a founder because it's their organization and it's not easy to hear, sort of, you're losing control. I think it's hard for founders to accept that.”

– Board Chair

If you want to take your practice up another notch, consider doing a 360 review. In a 360 review, you gather feedback from a variety of people the founder works with. This typically

includes staff but may also include external stakeholders, such as funders or partners. According to Joan Garry, “An effective board must introduce real accountability around job performance....With founders, it is absolutely essential that this annual review includes staff. Charismatic and driven founders often need to develop stronger management skills that offer staff greater agency and autonomy. A 360 performance review will allow the board to see opportunities for the founder to develop in this area” (2023, p. 4).

One final recurring board responsibility related to managing the most senior staff person is determining their compensation. This is essential not only for ensuring fairness and transparency, but also for attracting and retaining strong leadership. That's why Imagine Canada's Standards require that the board or a board committee approves the total compensation package of the most senior staff person once a year. “Total compensation” includes both pay (e.g., wages or salary) and benefits (e.g., vacation, health and dental benefits, pension). [HR Intervals](#) has several helpful articles on compensation and benefits, including a list of nonprofit salary surveys. If your organization is a registered charity, keep in mind that you are required to disclose the compensation ranges of the 10 most highly compensated positions in your Annual Charity Information Return (T3010) and that this information is publicly available.

⁹ Feedback should be ongoing, but having a formal process ensures that it happens in a structured way at least once a year.

Managing risk

A risk is anything that threatens the ability of your organization to accomplish its mission. Here are some examples of risks faced by nonprofit organizations:

- A fundraising campaign fails to meet its goal
- A multi-year grant that you expected to be renewed is not
- A former employee sues for wrongful dismissal
- A client is injured while attending a program
- A flood destroys all the equipment in your office
- An audit reveals that an employee had defrauded the organization
- The organization is a victim of a ransomware attack
- The local newspaper runs a story that portrays the organization in a poor light

As you can see, there are many different types of risks. It can be helpful to think about various categories of risk:

- **Strategic risks:**
Mission drift, inadequate planning, new competitors, failure to adapt to changing needs, board dysfunction
- **Legal or compliance risks:**
Failure to abide by the organization's by-laws, failure to file required corporate documents, failure to pay statutory remittances
- **Financial risks:**
Funding shortfalls, fraud, delayed payments, over-reliance on a single funder, inadequate insurance coverage



Relevant Standards

A4 – Management of most senior staff person:

- **Level 1**

The most senior staff person reports to the board and has a detailed job description or terms of reference.

- **Level 2 & 3**

The most senior staff person reports to the board and has a detailed job description or terms of reference, annual performance objectives, and an annual performance review.

A5 – Compensation and expenses of most senior staff person (all levels):

The total compensation package of the most senior staff person is approved by the board or a board committee once a year. The expenses of the most senior staff person are reviewed by the board or a board committee once a year.

- **Human resources (staff or volunteers):**

Turnover, burnout, misconduct, poor management, inadequate training, harassment, discrimination

- **Technological:**

Privacy or security breach, loss of data, outdated hardware or software, insufficient technology support, misuse of social media accounts

- **Operational risks:**

Disruptions to program or service delivery, health and safety incidents, poor internal communications

- **Environmental risks:**

Extreme weather events, climate change, natural disasters, environmental contamination

- **Reputational risks:**

Actual or perceived financial mismanagement; scandal involving organization leaders; allegations of misconduct; insensitive or harmful communications

It is important to note that risks cannot be avoided. They are an inevitable part of life. However it is the responsibility of the board to assess and mitigate the major risks faced by the organization. It is also important to note that risk management is not a discrete task but rather an ongoing process.

The key steps in any risk management process are:

- **Identify your risks:**

The best way to do this is to gather people together who collectively understand all parts of the organization and lead them through a brainstorming session.

- **Assess each risk:**

For each risk, decide how likely it is to happen (e.g., very likely, somewhat likely, not likely) and how bad it would be if it did (e.g., very bad, moderately bad, not too bad). You'll probably want a few people involved in this process as well.

- **Prioritize your risks:**

Use your assessments and a risk assessment matrix (see Figure 2 for an example) to assign a priority level to each risk.



Relevant Standards

A7 – Risk management (all levels):

The organization has a process to identify its major strategic and operational risks. The organization also has a plan to minimize and mitigate those risks, and this plan is reviewed and approved by the board once a year.

A8 – Insurance (all levels):

The organization has a process to review its insurance coverages. A summary report is reviewed by the board once a year.

- **Decide how to deal with each risk:**

There are four main options for dealing with risk:

- Avoid it by stopping the activity that is creating the risk (e.g., no more axe throwing at fundraising events)
- Transfer it by purchasing insurance or shifting responsibility to another organization or company (e.g., outsource security services)
- Mitigate it by taking steps to reduce its likelihood or impact (e.g., implement stronger financial controls)
- Accept it (i.e., do nothing other than monitor the situation).

- **Share the plan** with the relevant people and provide training if necessary

- **Monitor the plan** and update it as needed

Another important component of risk management is having a crisis communication plan. If your organization does not have one, this is something the board could assist with. A crisis communication plan outlines how and with whom the organization will communicate in the wake of any adverse event. It also outlines who will make decisions and who will speak for the organization. Having a crisis communication plan in place will help the organization respond quickly and effectively to any crisis, which will help mitigate its impact on the organization.



Figure 2
Risk assessment matrix

Severity	Impact	Likelihood			
		<10%	10% - 40%	40% - 75%	>75%
Minor	Will disrupt the program, area or department and distract direct management; modest financial impact	MIN <10%	MIN 10-40%	MIN 40-75%	MIN >75%
Moderate	Will significantly disrupt the program/ department, impact other areas and distract senior management; some financial impact	MOD <10%	MOD 10-40%	MOD 40-75%	MOD >75%
Serious	Through financial impact or otherwise, will somewhat disrupt the entire organization and its plans	SER <10%	SER 10-40%	SER 40-75%	SER >75%
Catastrophic	Through financial impact or otherwise, will materially and significantly threaten the entire organization and its plans	CAT <10%	CAT 10-40%	CAT 40-75%	CAT >75%



A Word About Insurance

Although insurance is only one risk management tool, it is an important one. The two most common types of insurance purchased by nonprofit organizations are Commercial General Liability and Directors and Officers Liability:

- **Commercial General Liability (CGL)** is insurance that protects the organization from financial losses due to claims for bodily injury, property damage, or personal injury (e.g., libel or slander). It can also cover the cost of legal defense if the organization is sued.
- **Directors and Officers (D&O) Liability** is insurance that protects the organization and its directors and officers from financial losses arising from lawsuits and claims made against them in their roles as directors or officers (e.g., claims that allege wrongful acts or mismanagement).

Other types of insurance you may wish to consider include:

- Abuse
- Business Interruption
- Commercial Property
- Cyber
- Employment Practices (Wrongful Dismissal)
- Professional Liability (Errors and Omissions)
- Special Events Liability

Establishing a framework for ethical conduct

Ethical conduct is fundamental to a nonprofit's credibility and impact. In the section above, directed at the founder (p. 34), we discussed the importance of maintaining public trust and the steps that can help achieve this goal. Within the organization, the board plays a crucial leadership role by establishing a framework for ethical conduct. It sets the tone and puts in place the structures that guide how the organization operates internally and engages with the community. A central part of this work is developing policies that define expectations for behaviour and decision-making. Policies provide consistency, ensure fairness, and help the organization respond appropriately in complex or sensitive situations. They also protect the organization and its people by reducing ambiguity and demonstrating accountability to stakeholders. In this way, policies not only safeguard the organization's reputation but also create a culture of integrity that supports its mission over the long term.

The cornerstone of an organization's ethics framework is a Code of Ethics or Code of Conduct. This document sets out the ethical principles that guide behaviour and decision-making across the organization. A strong code typically combines broad values—such as integrity, fairness, and respect—with concrete expectations, for example: maintaining client confidentiality, using organizational property only for organizational business, and recognizing that falsifying expense claims is grounds for dismissal. The Code should apply to everyone connected to the organization, including board members, staff, and non-

board volunteers. It is good practice for the Code to be reviewed annually by everyone it covers.

Another essential ethics document is a Conflict of Interest policy. This policy defines what constitutes a conflict of interest and outlines clear procedures for identifying, disclosing, and managing them. A conflict of interest occurs when the personal or professional interests of a board member, staff member, or volunteer conflict—or could reasonably be perceived to conflict—with the interests of the organization. Such situations are common in nonprofits, not because those involved are acting unethically, but because they are often closely connected to the mission and the community being served. For example, the board may need to set fees for a program in which a member or their family participates, or the founder may need to select a venue for activities and a sibling owns a suitable facility. In these circumstances, a strong conflict of interest policy provides a roadmap for addressing issues transparently and ethically, protecting both the organization's reputation and the trust of its stakeholders.

A privacy policy is another essential ethics document. In fact, in British Columbia and Alberta, all nonprofits are legally required to have a privacy policy while nationally any nonprofit that engages in commercial activities is required to do so.¹⁰ Even if you aren't legally required to have a privacy policy, you should create one as it signals to your stakeholders that you take the privacy of personal information seriously and have policies and procedures that guide how you collect, store, share and use it. It is good practice to post your privacy policy on your website in a clearly visible location.

¹⁰ The federal [Personal Information Protection and Electronic Documents Act](#) (PIPEDA) defines commercial activity as “any particular transaction, act or conduct or any regular course of conduct that is of a commercial character, including the selling, bartering or leasing of donor, membership or other fundraising lists.”

“Now that we have all these policies in place, the biggest challenge is ensuring that we’re actually following through with what the policies state.”

– Board Chair

A final ethics policy you will want to develop is an anti-harassment policy. If your organization has staff, you are likely obligated under human rights and/or occupational health and safety laws to have anti-harassment policies and procedures. Even if you don’t have staff it’s a good idea to develop such a policy. An anti-harassment policy ensures that your stakeholders understand their rights and responsibilities, and outlines the steps the organization will take if any allegations are brought forward. Your policy should cover a wide range of potential issues, including harassment related to protected grounds such as race or ethnicity, sexual orientation, gender identity, religion, or age; sexual harassment; bullying or psychological harassment; and workplace violence.



Relevant Standards

A11 – Code of ethics/conduct (all levels):

The organization has code(s) of ethics/conduct that apply to the board, staff and volunteers. The organization has a process in place to ensure that the board, staff and volunteers are familiar with and adhere to the code(s). The code(s) are reviewed and approved every five years by the board or a board committee.

A12 – Conflict of interest policies (all levels):

The organization has conflict of interest policies that apply to the board, staff, and volunteers. The policies outline the procedure for disclosure, review and decision on actual or perceived conflicts of interest. These policies are reviewed and approved every five years by the board or a board committee.

A13 – Privacy policy (all levels):

The organization has a privacy policy that is posted in a readily accessible location on its website. This policy is reviewed and approved by the board or a board committee every five years.

A25 – Anti-harassment policy (all levels):

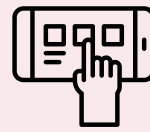
The organization has anti-harassment policies that apply to the board, staff and volunteers. These policies are made accessible to the board, staff and volunteers. These policies are reviewed and approved every five years by the board or a board committee.

Board evaluation and renewal

In earlier sections we discussed the importance of evaluating staff performance for both the staff person and the organization as a whole. Performance evaluation is equally important for the board itself. Evaluating its own performance is a way for the board to improve its practices and ensure that all board members are aligned in relation to the board's operation and the organization's direction. Imagine Canada's Standards require that boards of organizations with more than 10 staff or more than \$3 million in expenses evaluate their own performance once a year.

There are several methods for conducting a board self-assessment, including surveys, one-on-one interviews, and group discussions. Each method has advantages and disadvantages. Surveys, especially if they are anonymous, will likely give you the most candid feedback. One-on-one interviews—often conducted by the board chair or the chair of the governance committee—allow for in-depth discussions about the specific concerns of individual board members. Group discussions—led by the board chair or an external facilitator—can be an effective way to explore issues as a group and build consensus on a way forward. You can also choose to combine methods, for example, conducting a survey and then having a facilitated discussion of the results.

Imagine Canada's Standards require boards of organizations with more than 50 employees or over \$10 million in annual expenses to



Free Board Self-Assessment Tools

[Board Check-Up](#)

[Board of Directors Self-Assessment Questionnaire](#)

[Board Self Assessment Tool](#)

[Board Self-Evaluation Questionnaire](#)

[Nonprofit Board Self-Assessment Survey](#)

also evaluate the performance of individual directors. Individual evaluations can help you identify areas of strength and weakness for each director, as well as areas where they may require training, coaching, or other forms of support. They can also be helpful in planning for future board transitions by identifying directors with an interest in leadership positions and skills gaps that will arise as directors depart. If conducting individual evaluations seems a bit daunting, it's okay to start with self-assessments. A self-assessment followed by a conversation with the board chair could also be considered.

While the founder often takes the lead in forming the initial board—and may continue to influence board recruitment for several years—responsibility for board renewal should ultimately rest with the board itself. This work can be handled by the full board or delegated to a governance or nominating committee.

Board members are generally recruited for defined terms, most commonly two or three years. Although some organizations permit unlimited re-election, it is considered best practice to set limits on the number of consecutive terms an individual may serve. Research on corporate governance suggests that nine years is the optimal length of service for a board member (Clements et al., 2018). Importantly, if the founder sits on the board, they should be subject to the same term limits as every other member to support fairness, accountability, and healthy governance.



Relevant Standards

A24 – Performance of the board (levels 2 and 3 only):

■ **Level 2**

The board has a process to review its own performance. The performance review takes place once a year.

■ **Level 3**

The board has a process to review the performance of individual directors and the board as a whole. These performance reviews take place once a year.

A26 – Board term limits (all levels):

The organization mandates specific term limits for directors with the effect that no more than one third of the directors shall exceed 9 consecutive years on the board.

Navigating Founder's Syndrome: Potential challenges in the maturity stage

As a nonprofit organization matures, its systems and leadership must strike a balance between stability and adaptability. When Founder's Syndrome is present, this process is disrupted because the founder resists sharing authority with anyone else, including senior staff and the board. If the founder fails to delegate and empower others, the organization's internal capacity will likely start to lag behind its external growth. The problem usually becomes apparent through persistent decision-making bottlenecks. While it may make sense for the founder to weigh in on major issues, insisting on making nearly all decisions is problematic. Healthy leadership requires building systems, empowering others, and fostering shared responsibility. Board members should be alert to signs of autocratic behavior, ensure that sound policies are in place and followed, and, if necessary, intervene or reconsider leadership arrangements when openness and collaboration cannot be restored.

A related issue is that founders with Founder's Syndrome often monopolize key external relationships, particularly relationships with funders. To prepare for a smooth succession and avoid over-reliance on any one person, multiple individuals within the organization should be actively involved in managing external relationships. You can do this by including staff in funder meetings, assigning

staff to follow-up tasks, documenting relationship histories and commitments, and, over time, transferring responsibility for these relationships to others. By sharing this work, you not only protect the organization from the risks of Founder's Syndrome but also set it up for a smooth transition when you eventually step back from your role.

“Letting go of control of the direction and vision of the organization took time and trust and things that we didn't have at that point in the organization. As we started moving forward, I started to work on developing that trust and letting things go.”

- Founder

For organizations to flourish, it is essential to create space for differing perspectives. This can be a particular challenge when a founder exhibits Founder's Syndrome, as such leaders often resist disagreement and undervalue the input of others. When dissent is consistently discouraged or shut down, the organization risks becoming dominated by a single voice, which limits creativity, stifles innovation, and can contribute to high staff turnover. Ignoring the advice of those with specialized expertise—whether in finance, program



delivery, fundraising, or governance—can also lead to poor decisions that have lasting negative impacts on the organization.

Board members who notice a lack of space for dissent—whether between the board and the founder or among board members themselves—should address the issue directly. This may involve initiating open conversations, seeking outside support to navigate challenging discussions, and/or establishing formal structures that encourage feedback and shared decision-making.

If these efforts repeatedly fail and the organizational culture continues to resist differing perspectives, board members may need to assess whether the current leadership meets the organization's needs and whether their continued service on the board is sustainable.

Another challenge associated with Founder's Syndrome is that it can hinder the organization's growth. Although this may seem counterintuitive, a founder who fails to delegate and develop leadership and management skills is not setting their organization up for growth, even if that is their stated goal. From the outside, the organization may appear to be expanding, but internally there is often no structure to support growth because all decisions are funnelled through the founder. Board members should look beyond surface appearances. Sustainable growth requires strong internal structures and empowered leadership beyond the founder. Your role includes asking thoughtful questions to ensure the organization is building the capacity to thrive over the long term.

“One thing I have found is that [the founder] likes to keep things close to herself, and I get that because she’s the founder. This is her baby. But if you want an organization to grow, you have to be able to let go.”

– Board Chair

Board members need to be aware that governance changes can be hard to implement in mature organizations because power dynamics deepen over time. If the founder holds too much control—a common feature of Founder’s Syndrome—the board’s role in oversight may be diminished. Before introducing reforms, board members should take time to recognize and understand these existing dynamics. Only by naming where the power imbalance lies can the board begin to restore the balance needed for healthy governance.

One practical step the board can take is to prioritize its own renewal. A proactive

board chair or nominating committee can help recruit new members who bring fresh perspectives and strengthen the board’s collective voice. Boards should also be prepared for resistance. Introducing new governance tools or practices into an organization with a long-standing culture will not happen overnight. To support the process, you may wish to engage outside governance consultants or experts who can provide objective advice and facilitate difficult conversations. By approaching change with patience, clarity, and the right support, boards can gradually reclaim their oversight role and ensure the organization is positioned for long-term success.

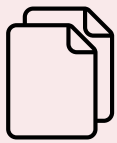
“My honest opinion is I don’t see it growing as much as I know the founder wants it to grow, but there has to be a light bulb going off for that for it to grow, she needs to let go of certain things.”

–Board Chair

When It's Time to Go: Succession Planning

Succession planning remains a persistent challenge in the nonprofit sector. Too often, it is undertaken reactively, carried out in a rush, or avoided altogether. Recent research shows that only 11% of Canadian charities have a “well-defined succession plan,” although 21% report they are in the process of developing one and 26% say they address succession in less formal ways (CICP-PCPOB, 2025).

This gap highlights a broader issue: many organizations underestimate the importance of early, intentional, and sustainable succession planning. For founder-led organizations in particular, neglecting this work can jeopardize both leadership continuity and organizational stability. By contrast, organizations that plan ahead build resilience, maintain funder confidence, and reassure staff that leadership transitions will be handled smoothly.



Resources on Succession Planning

Fredette, C. 2021. Planning for succession in the interests of leadership diversity: An avenue for enhancing organizational diversity, inclusion, and equity. In S.D. Phillips and B. Wyatt (Eds.), *Intersections and Innovations: Change for Canada's Voluntary and Nonprofit Sector*. Edmonton: Muttart Foundation.

Kunreuther, F., and Clohesy, S. 2016. The Long Goodbye: Advice, How-Tos and Cautionary Tales for Extended Leadership Exits.

Tuomala, J., Yeh, D., and Milway, K.S. 2018. Making founder successions work. *Stanford Social Innovation Review*.

Wolfred, T. 2008. Building Leaderful Organizations: Succession Planning for Nonprofits. The Anne E. Casey Foundation.

There are several reasons for early and intentional succession planning, including:

- Ensuring the long-term future of the organization
- Developing future leaders through early training and mentorship
- Reassuring funders, partners, staff and volunteers that the organization is stable and prepared for change
- Providing peace of mind for both the founder and the board
- Setting the new leader up for success

Ultimately, succession planning is more than just preparing for leadership change. It signals organizational maturity, demonstrating that the mission is bigger than any one individual and the organization is built to thrive for the long term.



What founders need to know

Succession planning is rarely something anyone wants to think about—especially during the euphoric early days when the organization is just getting off the ground and everything feels possible. With limited resources and constant demands, it's natural for your attention to be on immediate needs and day-to-day growth. The idea that you, as the founder, may one day need—or choose—to step aside can feel like a distant concern. Yet building succession planning into your work from the outset, and revisiting it throughout your leadership tenure, is as important as any other step you take to secure your organization's long-term success.

Clear communication and documentation

Once you are certain you are ready to exit and have a clear time frame in mind, the most important step is to communicate openly with your board chair—and, by extension, the full board. Providing as much notice as possible benefits everyone involved, allowing ample time for planning and preparation. An ideal time frame is often three to five years, although some founders have even provided a ten-year horizon. While this may feel like a long time, early notice allows the board and organization to prepare for a smooth transition and, if desired, develop internal candidates for leadership. You might choose to share your

plans with the board chair first and maintain an ongoing dialogue about when to reveal the details to the rest of the board and, potentially, some key staff members.

"It's time to pass the baton on and let the next generation lead."

– Founder

At this stage, the documentation created during the organization's early years becomes invaluable, as it preserves institutional history and ensures continuity. All of the organization's programs, relationships, and processes should be documented and shared with the board. If a consistent system of information collection has been maintained, your task will primarily involve supplementing and updating these records. If no such system exists, you may need support from staff to compile and organize the necessary information.

With documentation in place and in consultation with the board, you will also need to decide when and how to communicate your succession plans to staff, volunteers, partners, and funders. Thoughtful planning will help you determine the timing, messaging, and process for sharing this information. The board can then provide guidance and support in refining and executing the succession plan, helping to ensure a smooth and well-managed transition.

The hiring process

It is the board's responsibility to appoint your successor. As the founder, you may have some input regarding the qualities and characteristics you believe are important in a new leader, but the ultimate decision rests with the hiring committee, which is part of the board. The board needs adequate time to develop its hiring strategy and to ensure smooth communication with employees, volunteers, partners, and funders. Your role is to support this process by providing insights and context, but for the most part, it is the board's responsibility to manage the transition and select the new leader.

The most successful founder leadership transitions allow the founder to be available to answer questions or provide additional information to the new leader at the outset, but without holding any formal role within the organization, including on the board. Although it might be tempting to remain involved, the new leader needs to have the autonomy to steer the ship according to their vision. Stepping aside fully after training and

relationship transitions have been completed is essential to give the new leader the space and authority they need to succeed.

"I think for me, a huge piece of what would really give me some solace as the founder is just knowing that the organization is in good hands. And then I feel like I could completely let go."

– Founder

Give yourself as much time as you need to go through the internal shift of no longer being the leader of the organization you gave birth to and have led for some time. It is an actual grief process that needs to take place so you are ready for the transition and can truly hand it off to the next leader, trusting that the legacy you have built over your time will remain. If you need help with this, consider seeking the support of a therapist or coach experienced in leadership transitions to help navigate this personal and professional shift successfully.



What board members need to know

Recruiting a new organizational leader is one of the most important duties of a nonprofit board. This is never truer than when a board is replacing a leader who is also the organization's founder. First off, it's important to note that recruiting and onboarding a new leader is *the board's* responsibility—not the founder's! The founder may provide input, but they should not be heavily involved in the process. Although it can seem like a daunting task, recruiting a new leader is also an opportunity to renew the organization, increase its professionalism, and/or reorient it towards future needs. A well-organized and carefully thought-out process can also strengthen the board's strategic leadership.

When the founder decides it's time to go

When a founder decides they are ready to transition out of the organization, it is critical to create ample space for a smooth and thoughtful transition. "Space" in this context means allowing the founder time to prepare for their departure and feel confident that the organization they built is in capable hands. It also means giving employees, volunteers, funders, and other stakeholders the opportunity to adjust and be ready for the change.

A hiring committee should be established as soon as possible. This committee should be composed primarily, if not exclusively, of board members. The founder should not serve on this committee, but their input can be valuable. Ask them to identify the key characteristics the new leader should have, as well as the most challenging aspects of the role and potential pitfalls to watch for. This guidance can help the committee refine its criteria and ensure that the search focuses on candidates best suited to lead the organization forward.

Important questions for the hiring committee to answer:

- What education, skills, and experience should the new leader have?
- Who will conduct the search? Do you have the resources hire a recruitment firm or will the hiring committee conduct the search itself? If the hiring committee is going to do it, who is going to do what?
- How will you ensure the search is as fair and equitable as possible? Will internal candidates be considered? Will the process be the same for internal and external candidates?
- What role will the rest of the board play in the search? Will any staff members be involved? In what capacity?

To make informed decisions, the board must be clear about the organization's future direction. Where should the organization be in five or ten years? The search for a new leader should prioritize candidates who can support this vision, and all decisions regarding the search process should align with the organization's desired trajectory.



Hiring Checklist

- Determine the selection criteria for the new leader (e.g., skills, education, experience, other factors)
- Decide on the appropriate recruitment process
- Prepare a timeline for the process
- Create a job posting that reflects the selection criteria
- Decide where you will advertise the job and for how long
- Plan the selection process with the hiring committee
- Determine how the hiring decision will be made
- Prepare an offer for the chosen candidate
- Create an onboarding plan
- Information and resources to help you with the recruitment, selection, onboarding process are available at [HR Intervals](#).



A smooth transition

The entire succession process must be handled with great sensitivity for both the new leader and the founder during their transition. The ideal situation is one where the new leader can honour the foundation that the founder has built and expand upon it in their own way.

It is essential for the legacy of the founder to be commemorated. This can be achieved in various ways, including events and written documents, where the leader can express everything they wish to share with those who have been key to the organization's growth and development over the years. Additionally, look for future opportunities (once the leadership transition is complete) to invite the founder to key events. Most founders will appreciate this.

Onboarding the new leader will also take a great deal of intentional planning to ensure they are set up for success. The new leader will need to feel that the organization can truly evolve and thrive under their leadership, building on the foundation established by the founder. Decisions will need to be made regarding who will be on the onboarding team (which can include both board and staff members) and how the new leader will become familiar with the organization and its

ethos, as well as the appropriate schedule for doing so. The new leader will, of course, have their own ideas about timelines, and it will be important for this to be a collaborative process so that the new leader feels valued from the start.



Relevant Standards

A3 – Recruitment and orientation of most senior staff person:

- **Level 1**

The board is accountable for the recruitment and orientation of the most senior staff person.

- **Level 2 & 3**

The board is accountable for the recruitment and orientation of the most senior staff person. The recruitment process is fair and transparent and is managed in a professional manner by the board. The board is responsible for ensuring that the most senior staff person receives the appropriate orientation required to assume their responsibilities.

Navigating Founder's Syndrome: Succession and beyond

One of the hallmarks of Founder's Syndrome is a founder's resistance to any form of succession planning. This resistance is more prevalent in the nonprofit sector than is often acknowledged and is a key reason why succession processes can end up being rushed, incomplete, or neglected entirely.

Since it is the board's responsibility to ensure that both emergency and long-term succession plans are in place, the board chair should actively push for these plans to be developed in consultation with the founder. If the founder continues to delay or avoid these discussions, it may be necessary to engage an external consultant or coach to facilitate the process and ensure a plan is documented and actionable.

"I'm not anticipating that he's going to react violently or anything. I think we can just get the conversation rolling and also show him we really appreciate him and we want to make sure that what he has so carefully founded and nourished all these years is something we want to make sure survives to his satisfaction."

- Board Chair

Even when a succession plan exists, challenges can arise if the founder is unwilling to follow it when the time comes to transition leadership—a common occurrence in

organizations affected by Founder's Syndrome. Founders with this dynamic may resist relinquishing control, even in situations where they are ill or otherwise unable to continue leading. This reluctance can have serious operational and financial implications, underscoring the importance of proactive board oversight and, when necessary, decisive action to protect the organization's stability and mission.

As a founder and a human being, it is your responsibility to acknowledge your own mortality and plan for the organization to



What if the Board Decides it's Time for the Founder to Leave?

You may find yourself in a situation where the board has decided that the founder is no longer the right leader for the organization, but the founder does not want to leave. This is, of course, a challenging situation, and it happens, particularly in organizations where the founder has Founder's Syndrome. This will need to be handled delicately, and you should consult an employment lawyer to ensure that the process is handled as smoothly as possible.

thrive beyond your tenure. Asking yourself honest, and sometimes difficult, questions about the future will help ensure that the organization continues to succeed. Avoiding these questions, by contrast, can put the organization at risk of collapse once you are no longer able to lead, jeopardizing not only its mission but also the legacy you have worked so hard to build.

For board chairs leading the recruitment of a new leader, staying attuned to shifting power dynamics is critical. Many board members and staff may feel a deep loyalty to the founder, which can make transitions emotionally

challenging. These dynamics need to be recognized and addressed sensitively, just as the founder's own emotions should be considered throughout the process.

Supporting the new leader and remaining staff also requires attention to evolving the organizational culture. While the founder's legacy naturally remains a foundational part of the organization, it is equally important to foster new cultural norms that reflect the organization's future direction. Thoughtful cultivation of these aspects ensures that the organization can grow, remain compelling, and thrive beyond the founder's initial vision.



Conclusion

Conclusion

This resource was created to offer guidance and support to nonprofit founders and board members of founder-led organizations. Although the range of topics we could cover is vast, we have focused on those we believe are most important for founders and boards to be aware of at each stage of the organizational life cycle, from startup through maturity to the founder's departure. Our decisions in this regard were guided by our research on founder-led organizations and Imagine Canada's Standards.

Starting a nonprofit is a rewarding but complex undertaking that requires careful planning and an understanding of both governance and legal responsibilities. Before launching a new organization, founders should conduct a thorough landscape analysis to identify community needs, existing services, and funding opportunities, then craft a clear, specific, and compelling mission statement to guide the organization and prevent mission drift. Founders must also consider whether to incorporate and pursue charitable status, weighing the benefits—such as liability protection, access to funding, and tax advantages—against the administrative demands involved. Legal incorporation is strongly recommended if the nonprofit intends to grow beyond a grassroots initiative. Founders must also carefully form their first board, which ideally will include a diverse mix of knowledge, skills, experiences.

As a nonprofit evolves from a start-up to an established organization, clearly distinguishing between governance and management becomes critical to long-term success and sustainability. Founders who assume an executive leadership role should focus on managing daily operations while encouraging the board to fulfill its proper role of governing the organization. As an organization grows, one of the key tasks of the executive leader is hiring and managing staff. Another is establishing the systems needed to operate at scale (e.g., finance, human resources, program delivery, fundraising, technology, communications). Founders should resist the temptation to marginalize the board. Instead, embrace its oversight role, foster open communication, and support board development.

Joining the board of a nonprofit organization carries significant responsibility, as board members are legally and strategically accountable for the organization's governance. Each member has fiduciary duties which require understanding the mission, acting in the organization's best interest, and ensuring legal compliance. Key board responsibilities include establishing strong governance practices through board terms of reference, regular meetings, accurate record-keeping, and strategic planning to guide the organization's growth and evaluate progress. Boards also oversee legal and financial

compliance, including budgeting, monitoring revenues and expenses, approving financial statements, and filing tax returns. Ongoing board development and succession planning are essential to maintain effectiveness, continuity, and adaptability.

Another major responsibility of the board is managing the most senior staff person by establishing a clear job description and performance objectives, conducting annual reviews, and overseeing compensation. This can seem very challenging when the most senior staff person is the organization's founder, but it is an essential board role. Boards should manage organizational risk by identifying, assessing, prioritizing major risks, implementing mitigation strategies, and maintaining appropriate insurance coverage. Establishing a strong ethical framework is another key responsibility. The board may also wish to develop a process for evaluating its own performance.

In founder-led organizations, and in the nonprofit sector in general, succession planning is often delayed or overlooked. Early and ongoing planning is crucial to ensure organizational sustainability, developing future leaders, and maintaining stakeholder confidence. Founders should openly communicate their departure timeline to the board. It is the board, however, that is responsible for appointing and onboarding the successor. Effective transitions honour the founder's legacy while empowering the new leader to take autonomous control. Challenges arise when founders resist succession. This requires sensitive handling and possibly external support to ensure a fair, transparent, and timely leadership change.

“This isn't my organization. This isn't about me. A lot of people worry that, because I'm so attentive to everything, I won't be able to let go. But, to me it's like parenting. When your kids are ready, you're just thrilled to see them go off into the world.”

– Founder

Founder's Syndrome, a condition where nonprofit founders struggle to relinquish control, can develop subtly over time and poses serious risks to organizational health and sustainability. Founders are urged to reflect deeply on their motivations, ensuring the mission—rather than personal recognition—remains central. Early behaviours, such as monopolizing decisions and resisting board input, can escalate into organizational bottlenecks, stifled growth, and autocratic leadership. To prevent this, founders should surround themselves with people who provide honest feedback, learn to delegate, involve others in funding relationships, and embrace shared leadership and good governance practices. Boards play a critical role in identifying red flags—such as the founder avoiding strategic planning or resisting succession planning—and must intervene when necessary. Without the founder's willingness to share power and prepare for a leadership transition, the organization risks collapse and the loss of the founder's legacy.

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Author Biographies

Cathy Barr, PhD

Cathy Barr's 35+ year career spans both academia and the nonprofit sector. With a PhD in political science from York University, she spent several years as a faculty member at Wilfrid Laurier University, teaching courses in Canadian politics and government, political behaviour, research methods, and statistics. In 2002, she moved to the nonprofit sector. As Director and, later, Vice-President of Research at Imagine Canada, Cathy led dozens of data, research, and knowledge mobilization projects. She was also the founding Director of the Insurance & Liability Resource Centre for Nonprofits and led the creation of Imagine Canada's Standards. These two roles taught her a great deal about the practical governance challenges facing nonprofit organizations. Cathy currently serves as Senior Advisor, Research & Data at Imagine Canada; is an Adjunct Research Professor at Carleton University; and is the Treasurer of the Association on Nonprofit & Social Economy Research. Her research interests include leadership and governance, the history of Canada's nonprofit sector, and public attitudes about the nonprofit sector.

Susanna Kislenko, PhD

An internationally recognized expert on founder leadership, Dr. Susanna Kislenko created and directs The Founder Leadership Research Lab, based between Kellogg College at the University of Oxford and the School of Public Policy and Administration at Carleton University, where she is also an Adjunct Research Professor. Using qualitative research methods, Susanna's research pulls back the curtain on the challenges and potentially darker organizational consequences of long-term founder leadership, including Founder's Syndrome. Having an interest in how leadership impacts organizations and systems, Susanna holds an IBBA from the Schulich School of Business at York University, an MA in Political Science from McGill University, and a PhD in Organizational Behaviour from IESE Business School. Prior to entering academia, Susanna worked in the nonprofit sector for 12 years, holding a number of leadership roles in social service organizations across Canada. Susanna's research is driven and motivated by her practical experience and she is always looking for ways to translate research into practice.

Appendix: Research Methodology

To gain an understanding of how founders and board members work together, we conducted interviews with individuals in the Canadian nonprofit sector, focusing specifically on organizations still led by their founders. The intention behind this was to understand the process of founder leadership beyond the founding stage. At the same time, we sought to understand the challenges and real-life struggles that board members and board chairs, in particular, face in founder-led organizations.

To identify our interviewees, Cathy Barr contacted individuals within the Imagine Canada network to identify founder-led nonprofit organizations. A group of organizations across the Imagine Canada network was then sent information about the study and an invitation to participate anonymously in an interview. From the group that responded, a total of 21 organizations were identified as meeting the project criteria, and 34 semi-structured interviews were conducted.

All interviews were conducted by Susanna Kislenko and took place over a period of one year: between November 2022 and November 2023. In each organization, the founder was interviewed, as well as the board chair and, if available, other past or present board members. The interview questions were focused on governance. This included, but was not limited to, topics associated with the founder's

leadership style, the structure and composition of the board, the history of board governance practices at the organization, succession planning (for both the founder and board members), and the way in which the founder and the board interact.

The transcripts were analyzed iteratively and coded for patterns across cases. Data collection was completed once theoretical saturation was reached.¹¹ The primary themes that appeared in most interviews are highlighted in this resource. We paid particular attention to themes that emerged from interviews with both founders and board members. The quotes that appear in this guide are taken from our interview data.



Examples of Interview Questions for Board Members

- How would you describe the board?
- How would you describe board meetings?
- Who sets the agenda for each meeting?
- How does conflict on the board get resolved?
- Do board members feel comfortable to challenge the founder?

¹¹ This is the point in the qualitative data collection process where no additional new ideas or theoretical insights will be obtained from collecting additional interviews.



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