

CANADA'S NATIONAL HISTORY SOCIETY

Introduction

It was Boxing Day, 1998. Joe Martin was sitting in his study at his country cottage thinking. He had escaped, momentarily, from the family - his wife, his children and their spouses, and his six lively grandchildren – for a few moments of quiet contemplation.

Looking across Georgian Bay to Blue Mountain, Martin could imagine the skiers making their way down the hills. In between were the beautiful waters of the Bay with just a touch of shore ice. It was so peaceful, in contrast to the bedlam in the next room! Here he could think and reflect on what lay ahead.

Three and a half years earlier he had taken early retirement from a management consulting firm, the Deloitte & Touche Consulting Group. A partner with the firm for nearly a quarter of a century, Martin had run the Canadian practice for 13 years and Chaired the Global Committee for a decade. He had left confident that the Consultants would spin off from their national audit and accounting practices into a truly global consulting practice where profits would be shared on a global, rather than a national basis.

Upon leaving Martin had decided to follow Charles Handy's advice. Handy was a Professor at the London Business School who said one should have "portfolios" of things to do rather than a job. So he set out to do things he hadn't done before, like teaching at the University level, serving on corporate boards, spending time on his hobby, history, and with his family. And of course he continued to consult on a selective basis.

Establishing Priorities

Rather than being too idle he quickly realized that he was becoming over-extended. In the summer of 1996, after just one year away from the old firm, he realized that he needed to create some personal guidelines for accepting work so he formulated three new questions to ask if someone called on his professional services:

- 1] When? That simple question would eliminate a lot of requests.
- 2] Where? He never intended to go to Austin, Texas again (for example) for a one-day seminar.
- 3] How much? He did not mean to be crass. This could be emotional reward as well as financial reward. But it was a way of measuring whether he should take on the task.

Implementing his new rules proved more difficult, however. First of all he had far more consulting work than he had ever anticipated, most of it with his old firm. Based on his new University connections, they assumed he knew a lot about education and asked him to serve as Dean of their new hire school. In the fall of 1998 he had attended three courses, two in Florida

and the first ever in Asia Pacific, in Sydney, Australia. While this activity was becoming more routinized, trips across the Pacific Ocean were tiring. He was managing his University workload down as a result. Next year he would only have the one course on management consulting plus serving as Faculty Advisor to Impact Consulting, the student consulting group.

In terms of his for profit Boards (there were three) ANGOSS had been a real problem. The stock was trading in the 7¢ range but he was feeling much more confident since Eric Apps had assumed the Presidency in the summer. The big order from Hummingbird hadn't hurt either.

Not-for-profits and Canada's National History Society [CNHS]

Ironically, the area that caused him the most concern was his not for profit involvement with Canada's National History Society, publisher of the Beaver Magazine. As he looked out at the new snowfall he wondered how was it that his love of history was causing him so much grief and taking up so much time? More importantly, what was he going to do about it?

Martin knew well that not-for-profits face issues common to all organizations - the Seven S's as defined by Peters and Waterman more than a decade ago: Strategy, Structure, Systems, Staff, Spirit, Skills and Style. Having said, that they were different. They lacked the profit motive by definition. That meant that many of them did not focus as well as they should upon their customers, indeed many did not even think of customers. In addition many not-for-profits were used to Government support.

While the CNHS had never been dependent on Government being part of the Hudson's Bay Company had sheltered the magazine. If they did not make money their losses were miniscule compared to other losses that were occurring.

That was certainly one of his challenges with respect to the Society. It was a brand new organization and there was so much to do, including making it more externally focussed. As he thought ahead to the next two months, Martin knew that he had his work cut out for him.

There was to be a big Conference in Montreal in January, followed by the Winter Board meeting in Toronto where they would finalize the plan/budget for 1999. In addition there was the pressing need to launch a fund raising campaign and, of necessity, he was Chair of the fund drive as well as of the Society. It was a brand new organization and there was so much to do. All of which was compounded by the fact that the Executive Director was out of action with a heart attack. Since Martin was also President of the Society, as well as Chair of the Board, it all came back on him.

Creation of the Society

On March 15, 1994 the Hudson's Bay Company issued a Press Release stating that it was giving a multi-million dollar gift of historical records and museum collection to Manitoba. The Bay is North America's oldest corporation and one of the oldest corporations in the world, having been incorporated in 1670. Known today primarily as a retailer, it had begun as a fur trader during the reign of King Charles II.

The appraised value of the gift was approximately \$50 million. Using the tax savings of approximately \$23 million the Bay created an Historical Foundation. The announcement stated that the Foundation would provide capital and annual operating funds to both the Manitoba Archives and Museum and would “support a popular history society, now being formed.” [see Exhibit 1.]

Behind the scenes a great deal of thought and effort had been put into the creation of what came to be known as Canada’s National History Society by Rolph Huband, a lawyer by training who had joined the Hudson’s Bay Company upon graduation in the 1950s. At a very early age Huband became Corporate Counsel and Secretary of the Company surviving the many twists and turns of Bay management and ownership during the next 40 years.

Because of his strong interest in history, Huband was instrumental in persuading the Bay to gift Lower Fort Garry, York Factory and the 1970 replica of the ship, Nonsuch, to public ownership while at the same time, enabling the creation of the Society, the appointment of a board of Directors and the hiring of a General Manager/Executive Director.

Huband saw the Society’s principal activity as taking on from the Bay the continued publication of the Beaver. The magazine [sub titled: Exploring Canada’s History] had a circulation of 40,000, high by Canadian standards. But it was flat. It had been that way for most of the 1990s. The readership was loyal [75% + renewal rate – almost unprecedented in the magazine industry], old [average age of 65 – death was often a reason for non renewal], and based in Ontario and the western provinces [see Exhibit 2].

He also envisaged a wide variety of other activities related to the promotion of History. The Society would become the source for popular Canadian history through a 1 800 number, books and videos and the operation of historic tours for example. He also saw a clear requirement for fundraising and to that end obtained charitable status for the Society from the Government of Canada.

The Early Years

The original Board members were the four individuals who had been serving as the Editorial Advisory Board of the Beaver. In addition to Huband they were: Michael Bliss, the distinguished University of Toronto historian; Bill Nobleman, a Magazine Consultant and former Publisher of Saturday Night, and Shirlee Smith, the retired Hudson’s Bay Company Archivist.

The first person Huband approached to join the new expanded Board was his old friend Joe Martin, a management consultant, who had been President of the Manitoba Historical Society many years ago, but who had kept up his interest in history. From there he recruited four academics and two former politicians.

Laird Rankin, a former HBC employee and long time Executive Director of the University of Manitoba Alumni Association was recruited as General Manager. Chris Dafoe, grandson of the legendary journalist, John W. Dafoe, transferred across as Editor of the Beaver, a position he had held for a decade.

With that the Society was in business. A governing principle from the start was Huband's belief in evolution as distinct from formal planning. Huband did not believe in annual plans never mind strategic plans. Therefore, in the early years, the Society evolved on a very much ad hoc basis. After a few years, however, a pattern had started to emerge for the Society. Revenues - roughly \$1.7 million [Exhibit 3] - were derived, basically, from two sources: the magazine and the generosity of the Hudon's Bay History Foundation [HBHF]. The major expenditures were magazine publishing costs and administration. In addition there were minor expenditures for a couple of new Awards programs.

The two key new programs were the Pierre Berton Award, named after Canada's pre eminent popular historian, which honoured an individual's or an organization's life-time contribution to the cause of popularizing Canadian history; and the Governor General's Award for Excellence in Teaching Canadian History under the patronship of the then Governor General, Romeo LeBlanc.

For Joe Martin, the GGs Award, held for the first time in the Fall of 1996, certainly met his criteria of gratifying emotional experiences. Martin had never been inside the official Residence of the Governor General where the event was held. After the ceremony Martin reflected on the occasion. Of the 12 teacher finalists, who came from across Canada, the first two to receive their awards in the majestic elegance of Rideau Hall had been a woman who taught aboriginal children on the Labrador coast and a man who taught History at the elite Upper Canada College in downtown Toronto.

Problems at the Magazine

Not everything was rosy at the History Society, however. Huband had made it clear that he wanted Martin to succeed him at the AGM in the summer of 1997. As part of his transition planning Huband invited Martin to a meeting of the Editorial Committee in the summer of 1996. This was to be a strategic planning session where the volunteer Board members hoped to be able, finally, to exert some control over the Editor.

Dafoe was a fine writer but the Board members were increasingly frustrated with his unwillingness to take the magazine in new directions - to make it more appealing to a younger readership while maintaining the loyalty of older subscribers. Not only had the Board failed to elicit concrete examples of how the Editor was planning to meet these goals, they were becoming more and more convinced that he shared neither their concerns nor their objectives..

Martin Assumes the Chair

The first half of 1997 had not been a happy time for Martin in a professional sense. At the request of the Dean, Hugh Arnold, he had agreed to run Executive Programs. And then Arnold had resigned. Running Exec programs was an awful, almost impossible job, because you were supposed to make a profit but in a cost centre environment. As a consequence he was really not as prepared as he should have been when he took over the Chair of the Society on Sunday, July 6, 1997.

There were two things that he knew he had to do; the first related to organizational structure, the second and most immediate, to staff.

In the spring they had an outside facilitator in to discuss strategy. They had agreed on an advocacy and outreach role for the Society but they hadn't altered the Society's structure. Martin had the Board add an Advocacy and Outreach Committee so that there would be symmetry between strategy and structure. This would assist in giving balance to the Society's role and to expand beyond simply being a magazine publisher.

In terms of staff he had an unpleasant duty to perform and that was to fire the Editor, a decision on which there was full Board consensus. The General Manager of non magazine activities, Laird Rankin, was to become both Executive Director of the Society and Publisher of the Magazine. The Editor was to go and as the new Chair it was Martin's task to tell him.

The termination meeting had gone as well as could be expected, thought Martin. Therefore it was somewhat surprising to receive a letter from the former editor, almost immediately, asserting wrongful dismissal and demanding considerably greater financial remuneration than what had been offered. In short, a lawsuit loomed.

Amidst the unpleasantness, however, was some good news. While the team pitched in and continued to get the magazine out on time, a national search for a new Editor turned up a highly qualified person right in Winnipeg where the magazine is published, so there were no new relocation costs.

And the Society as a whole was moving forward. It was exciting that Canada finally had their own History Television as one of the new specialty channels and meetings with a prospective new funder had been very encouraging. Prospects for finding new revenue sources were looking up!

But the struggles around preparing a budget for 1998 were a great concern. These were compounded by a disastrous Fall promotion for the Magazine. What Martin was beginning to comprehend was that he had better understand the magazine business better than he did. Apparently the really bad news from a failed 1997 program would not show until 1998.

Conflict on the Board

The issues around the magazine were complicated by the troubling attitude of one of the original Board members, Bill Nobleman. While Huband was Chair, Nobleman had enjoyed a much stronger position. Not only had he served on the Executive and Publications Committees of the Board, but he also acted as a paid consultant to the magazine and the development of its promotional programs - an obvious conflict of interest.

Nobleman objected to Rankin's appointment as publisher of the magazine and made no secret of the fact that he believed him to be unqualified for the position. The 1997 promotion had failed for a variety of reasons, not the least of these was the postal strike. Nobleman, however, used the failure as evidence of lack of competence on the part of the publisher. This was unfair, Martin

believed, and Nobleman was removed from the Executive committee. Needless to say Nobleman was not happy about that, threatening to resign.

Reflecting back, Martin now wished that he had accepted Nobleman's resignation. He had dealt with the difficult decision to fire the editor by accepting short term pain for long term gain. Now he was enduring long term pain for the short term gain of not dealing, at the time, with yet another difficult issue.

Why am I doing this?

As it turned out 1998 held even more stress and surprises than 1997. While his time commitments were reduced at both the University and software company which he chaired, Martin was giving even more time to the Society - almost eclipsing time spent on his very busy consulting practice.

There had been some positive developments, of course. Much to Martin's surprise his old friend, Red Wilson, the Chairman of BCE, announced that he was going to put up \$500,000 of his own money towards promoting history. (It was only mildly discouraging that Red had never heard of the History Society.) And the lawsuit with the former editor was finally settled out of court.

At the AGM in June, Martin looked back on a bad year in terms of the editorial struggles and the budgetary problems caused by the failed fall promotion, but he could also point to better times ahead. There were three main objectives to keep in mind, he said:

- 1] to strengthen and stabilize the Beaver;
- 2] to enhance the Awards programs;
- 3] to expand the Society's Outreach through the January Conference; increased fund raising efforts and through broadening and deepening of alliances and relationships. These two latter Outreach programs would stand as the Society's two major initiatives of 1998-99.

Basic Planning Issues

But things did not go as he wanted nor expected in the Fall. One of the key changes he wanted to introduce was annual planning. This would include a shift away from thinking in terms of budgets and costs and towards revenue and plans.

Based on long experience as a management consultant, Martin knew that too many organizations treated budgeting, crunching the numbers, as an end in itself. This was often compounded in the not for profit sector when the accountants led the exercise and focussed on costs and nobody looked at the revenue side. Martin was committed to change. The change he wanted was to make the Board and staff understand that the budget was only a financial articulation of the program plans that they had agreed upon. The budget was not an end in itself.

On September 12 he issued planning guidelines [Exhibit 4] to the Executive Director. By the end of October he was becoming concerned. He had received back plans but they were nowhere near what he wanted. And he had other pressures. He was leaving for Australia on the October 24th

week-end on business but he wanted some personal time as well. The Fall Board meeting was scheduled for the week-end of November 21st to coincide with the Governors General Awards. He would only have a week between returning from Australia and presenting the plans for 1999.

He was very concerned because revenues were flat and he knew that if an organization wasn't growing it was dying. He wanted to get off dead centre where he felt they were in terms of both revenues and expenditures for three years. Yet he wasn't confident that the staff could deliver. He saw flaws, not just in the content of their work but in the presentation of financial data as well. Sometimes he felt the presentation was designed to obfuscate rather than to clarify. [see Exhibit 5] He knew that they were not trying to obfuscate that he would simply have to find the time to train them but where would he get the time?

These were the concerns as he left for Australia. He hadn't been in Australia long when his anxiety level went through the roof. The Executive Director had had a heart attack and Martin felt at least partially responsible. Quite apart from his concern for the individual he knew that he would have to get back to Canada early in order to lead the charge personally for the Fall Board meeting. After all, as a small Society, they were pretty thin on the ground – the two senior people were the Editor and the accountant.

The Fall Board Meeting

Although fatigued at the end of the Fall Board meeting Martin felt the week-end had gone well. Of course it was helped by having the GG Awards ceremony at the same time as the Board meeting, which gave all Board members a chance to attend for the first time and to appreciate fully what they were doing for history teachers across Canada.

There were two or three significant matters that came out of the meeting. First of all it was clear that the decision to hire a new editor had been the right one. She was doing an excellent job and gradually improving the product they had to offer.

Secondly, Martin was able to bring the Board up to date on new developments. At a recent meeting with Red Wilson, Wilson reported that he was merging his personal contribution of \$500,000 with Charles Bronfman's \$30,000,000 to create a new body to support history. When Martin had suggested throwing in the Society as well, Wilson had rejected the notion and saw the new organization as a possible funding source for the Society.

Martin was both assured and concerned. Unlike most of his Board colleagues he was from the world of business and he understood competition from a business perspective. This new body might be good news but it could also be bad news. And then there was the phenomenon of the Dominion Institute that gained incredible publicity by hiring Angus Reid to do polls showing that Canadians did not know much about Canadian history. Could three separate bodies, all with similar aims, survive?

Finally, Martin was concerned about finances or should we say about the lack of finances. Looking at the financial forecasts for 1998 it looked like it would be a backward year on both the revenue and the expenditure side. Having said that, he didn't trust the forecasts. He thought they

were ridiculously conservative on the revenue side, particularly the subscription revenue for the Beaver.

That is why he had forced through a stretch plan for 1999. But the question remained, could they make it? And what could he do to get better presentation of financial data? Personally he was a great believer in gross rather than net statements and trend data but it had been like pulling hens teeth to get the Summary Statement of Operations from the financial person [see Exhibit 3].

Boxing Day, A Day for Reflection

In December he had to take a break from the Historical Society to run another two week course for Deloitte. This was followed by a week of other Board meetings and then Christmas at the cottage. Now that Christmas was over all of the thoughts from the last Board meeting and the previous year and a half raced through his head.

What should he do? He was confident in Huband's vision – to popularize Canadian history. He was less confident that the Society's staff and Board had the skills or knew clearly what skills were required. All of course was complicated by the issue of how healthy the Executive Director would be when he finally got back to work in March.

And what about incentives? Their resources were limited but could they really ensure top performance with cost increases? On the topic of resources surely they had to have more. They could not leave themselves vulnerable to the large grant they received from the HBHF.

Finally and probably most important of all, he needed an action plan for the organization. Martin recognized his own strengths and weaknesses. He was a ready, fire, aim kind of person with lots of energy. But if he didn't have a plan he would waste energy.

Unfortunately, given his other time constraints, he simply did not have the time to sit down and develop a plan. The year ahead was already busy with other activities. He was teaching a winter course at the University; not only running a Deloitte course in Colorado but also working on a major redesign; and he was starting to smell real problems at his REIT, where he was non executive Chairman of the Board.

What should he do? Surely the answer was self-evident – hire a good one person consultant to analyze the data objectively, develop recommendations, and help Martin implement an action plan.

March, 2000