

CANADA'S NATIONAL HISTORY SOCIETY [A]

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Introduction

It was the first weekend of November, 2002. Deborah Morrison was sitting in her tearoom thinking. She had escaped, momentarily, from her four-year-old daughter who was busy making new friends – for a few moments of quiet contemplation.

First she looked at her 'large' back yard, large at least by the standards of where she had lived just off the Danforth in Toronto, and then she looked around at the first floor of her new home. The first floor was larger than her whole house had been in Toronto. She felt very fortunate. But she also felt she needed time to think and reflect on what lay ahead.

It was three months since she had moved from Toronto to Winnipeg to become President of Canada's National History Society [CNHS]. In another six months she would be CEO as well as President of the Society. She was on a steep learning curve on the job and she also had adjustments to make in moving back to Winnipeg, a city she had not lived in since she was a teenager.

In just three weeks she would be in Ottawa, meeting with the Board of Directors of the Society for the very first time in her new capacity. The Fall meeting was particularly important. The Board would be looking to her not only for a first draft of the 2003 Business Plan and Budget but also for a sense of strategic direction.

She had been so busy with the relocation, buying a house, finding a French school for her daughter and learning the ropes of the job she really hadn't given the forthcoming meeting the kind of thought that she knew it needed if she was going to get off on the right foot. She reached for a pile of documents, which described the creation of the Society in 1994, and its evolution to the present time.

The Creation of the Society

On March 15, 1994 the Hudson's Bay Company [HBC] issued a Press Release stating that it was giving a multi-million dollar gift of historical records and museum collection to the Province of Manitoba. HBC 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 a Foundation – the Hudson's Bay Historical Foundation [HBHF]. 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.”

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 circulation 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], older [average age of 65], and predominantly male.

Huband 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. The first person Huband approached to join the new expanded Board was his old friend Joe Martin, a management consultant who had a keen interest in

history. From there he recruited six other Board members from different parts of Canada – from the Atlantic coast to the Pacific Coast and from both business and academia.

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 an ad hoc basis.

After a few years a pattern emerged. Revenues - roughly \$1.7 million - were derived, basically, from two sources: the Beaver magazine and the Hudson'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 recognition 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 patronage of the Governor General, Her Majesty's Canadian representative.

Martin Assumes the Chair

Joe Martin succeeded Rolph Huband as Chair, President and CEO of the Society at the Annual General Meeting in the summer of 1997. At the same meeting the General Manager of non-magazine activities, Laird Rankin, was to become both Executive Director of the Society and Publisher of the Magazine. Martin worked well with him.

There were a number of things that had to be done – the most immediate was to terminate the high profile editor of the magazine. The next day Martin met with the Editor and told him of the Board decision. Then Martin went into the office, informed the staff of the decision, then left to hire an Executive Search firm to conduct a national search for a new Editor, while Rankin dealt with staff fall out.

So the beginning was a rocky one but the Society managed to get the magazine out on time for the next few months and they were fortunate enough to find a good, new editor.

Once the immediate decisions were made Martin knew that his next tasks were to develop and execute a fund raising plan and to bring rigorous business planning processes to the Society.

The Need for Fund Raising

Given the significant changes inside the organization, Martin, a volunteer for the Society, was increasingly involved at all levels: as Board member and Chair, President, and CEO. However, Martin soon found himself with a fifth task, – leading the Society’s fundraising efforts. No one else wanted to take on the challenge, but a beginning had to be made on fund raising. Revenues had been flat for the past three years. Martin knew that if an organization wasn’t growing it was dying.

More pressing, without growth in revenue there could not be growth in program expenditures and they would not be able to fulfil the mandate to support new initiatives that Huband had set out for the Society. Finally there was the vulnerability factor. The Hudson’s Bay History Foundation [HBHF] was currently providing them with one third of their top line. Since their major revenue source – magazine revenues - did not cover the cost of the magazine this put them in an extremely vulnerable situation.

The Need for Business Planning

Another key change Martin wanted to introduce was annual business planning. This would force 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 with nobody looking at the revenue side. Martin was committed to change. He wanted the Board and staff to 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.

Competition in the History ‘Industry’

In the midst of all of this there had been some other developments. Red Wilson, the Chairman of BCE, announced that he was going to put up \$500,000 of his own money towards promoting history.

Martin met with Wilson who reported that he was merging his personal contribution of \$500,000 with \$25,000,000 from Charles Bronfman to create a new body to support history called Historica. 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 didn't offer programs but had 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?

The Next Five Years, 1997 – 2002

Under the terms and conditions of the Society's constitution Board members were allowed to serve up to two consecutive three-year terms. However there was an 'exceptional circumstance' clause, which permitted Board terms to be extended beyond six years. This is what had happened with Martin in 2000. But Martin knew he had to find a successor before the end of his term.

Membership had shown good growth throughout Canada [see Exhibit 1– an individual automatically became a member when they subscribed to the Beaver magazine]. After declining to 37,000, immediately following the termination of the former editor, circulation had increased, at a rate much higher than the norm in the North American magazine industry. Much of the reason for this was the improved quality of the product under the new Editor.

While donations had also increased at the beginning of his term they had clearly plateaued in recent years [see Exhibit 2]. As the stock market decline had reduced individuals' net worth their giving to philanthropic causes was also reduced.

In terms of succession planning things had gone very well. There had been some real transition issues when the first group of directors stepped down in 2000 after completing their two three year terms but good directors had been found to replace them, including such high profile names in Toronto as Mark Starowicz, executive producer of CBC TV's millennium production, "Canada, a People's History".

More importantly Martin had convinced his old friend and fellow Board member Jim Arnett, former CEO of Molsons to conduct a Governance Review in 2001. Arnett recommended the separation of the roles of the Chair and the President and Arnett had agreed to take on the role of Chair.

Then the Board decided to find a full time, paid successor to Martin. They had conducted a national search and on August 1, 2002 Deborah Morrison had joined the Society as President with the understanding that she would succeed Martin as CEO at the AGM in June, 2003.

Deborah Morrison

Arnett and Martin deemed themselves fortunate to have found Morrison. She was uniquely qualified to do the job that needed to be done. Prior to joining the Society she had been Director of Operations of Historica, the 'competing' organization that had been created by Red Wilson

and Charles Bronfman. And prior to joining Historica she had worked for Bronfman himself, at Historica's predecessor, The CRB [Charles Bronfman] Foundation in Montreal.

Raised in Winnipeg she had moved east in her teens and taken an undergraduate degree at Carleton University in Ottawa. While working in Montreal she took an Executive MBA at Concordia. Here was an individual with a background tailored for the job.

She knew the history 'business', she had an MBA, she had lived/worked in four key Canadian cities and had a network of contacts throughout the country, she had political smarts and while in Montreal she had become bilingual. This was important for the future development of the Society. Up to the present time although they called themselves "national" they were really an Anglo Canadian Society, in spite of the fact that three of their 12 Board members were Francophones.

And from both Arnett's and Martin's perspective she had not only good administrative and communication skills but she also had an interest in and experience with fund raising, both from corporations and from individuals.

From Morrison's perspective the job as President and CEO of Canada's National History Society presented both professional challenges and personal opportunities. First of all it would mean moving up from Director of Operations of one organization, to President and later CEO of another organization, one that had a strong membership base. This was something that the more affluent Historica did not have. On a personal level it would mean returning home, where she had a sister, and the opportunity for a greater quality of life and a safer environment than in Toronto.

The First Three Months

Morrison arrived in the office with great expectations of being able to integrate slowly – observing the normal business and rhythms of the workday and assess staff capacity and capabilities.

The small staff of 12 included Morrison, a receptionist, two accountants, an editorial team of 3 and a subscription/members service of 5. Most of the employees had been with the organisation since it was established, and all but one of the editorial and subscription staff was over the age of 50.

She knew she was walking into an environment that had undergone organizational upheaval, earlier with the firing of the Editor, and recently with the sudden illness and retirement of the founding Executive Director, Laird Rankin. She knew this was a group that was looking for stability. The last thing they would be interested in, she imagined, was more change.

What she didn't know was that the organization had also spent the better part of the year in a massive conversion of its database management systems – replacing an antiquated system with

something that would provide state-of-the-art, seamless integration of information for magazine subscriptions and fundraising and donations prospecting.

Although there was no question the new system would transform the Society in the long term, the process of conversion was not going well. Because of delays, several renewal notices and direct mail fund-raising appeals, the primary source of revenue for the Society, had been missed.

The CFO came into her office, outlined the gravity of the situation and indicated that a serious cash flow shortage was imminent and could last as long as three months. They worked out a plan to call in and fast-track receivables and donor's pledges, and defer some expenses to resolve the crunch. For Morrison, it was a cold shower in underscoring the vulnerability of the Society's principal revenue stream.

In the Fall months, Morrison was overwhelmed with organization details to produce the Society's two premiere public events – the Pierre Berton Award, held at the top of the TD Centre in Toronto, and the Governor General's Awards for Teachers in Ottawa [the GGs], held at Rideau Hall.

The Society had no dedicated staff in Winnipeg to delivering these non-magazine programs. This meant that all the event management details fell to her – approaching potential event sponsors and suppliers, assembling invitations and mailing lists, coordinating speakers and drafting speeches. Both events succeeded in attracting national media attention, and some donations and contributions from the public – but Morrison really felt there were missed opportunities for fund-raising success due to the lack of human resources assigned to the task.

On the other hand, this whirlwind tour of the Society's core programs only served to fuel her belief in the potential for growth within the Society.

The Pierre Berton event had been a star-studded affair attracting renowned Canadian authors, Bank presidents and leaders from a whole new corporate community to the History Society. The GG Awards demonstrated the depth of possibilities for growth in the educational sector. And the Winnipeg office was beginning to get flooded with renewals and Christmas gift subscription requests for the Beaver – clear signs that the subscription base would recover fully from the database woes of summer.

A Weekend of Reflection

The first three months behind her, she knew she must turn her head to the future both near term and longer term.

What should she do? Where should she start? She was confident in the founder's vision – to popularize Canadian history, and in the quality of the products and services they offered. She was also confident in her predecessor's view that they had to become much more aggressive in

fund raising by whatever means possible. However she wasn't sure that the Winnipeg team bought into the more aggressive organization that would be required.

And she knew better than most that the history 'business' wasn't a monopoly but increasingly crowded with aggressive new, Toronto based competitors, like Historica, where she had worked, and the Dominion Institute, led by the charismatic, telegenic Rudyard Griffiths. These competitors were fighting for space in two key areas, mind share and financial share [see Appendix 3].

The CNHS had to get off dead center in terms of marketing and fund raising. They could not grow on the basis of magazine sales, which didn't even cover the cost of the magazine. And they could not continue to leave themselves vulnerable to the large grant they received from the HBHF.

Finally and probably most important of all, she needed an action plan for the organization. Morrison recognized her own strengths and weaknesses. She was an action-oriented person with lots of energy. But if she didn't have a plan she would waste time and energy.

Unfortunately, given her other constraints, she simply did not have the time to sit down and develop a plan. What should she do? Surely the answer was self-evident – hire a consultant to analyze the data objectively and develop recommendations, both strategic and tactical for the year ahead. The recommendation should include next steps. She reached for the phone. She knew just the person. She was confident they could be in Winnipeg at the beginning of the week and give her a plan in ten days.

That would give her the necessary time to get on with her other duties as well as finalize the plan in a format to her liking for the Board of Directors.

**Exhibit 1 - Membership Trends by Geo. Region
1998-2002**

Geographical Breakout for Feb/Mar Issue)

	MAR ' 98	MAR ' 99	MAR '00	MAR '01	MAR '02
NF	160	175	195	244	243
PEI	107	111	132	162	157
NS	822	903	1049	1215	1198
NB	442	474	567	622	657
QC	1622	1714	1831	1969	2011
ON	16941	18235	20549	22353	23579
MB	2271	2286	2445	2724	2835
SK	1457	1565	1840	2010	2070
AB & NWT	4018	4369	4941	5433	5626
BC & YK	6614	6836	7634	8181	8441
TOTAL FOR CANADA	34454	36668	41183	44913	46817
US	2013	1932	1989	1950	1869
FOREIGN	611	635	674	676	710
TOTAL OUTSIDE CANADA	2624	2567	2663	2626	2579
TOTAL SUBSCRIPTIONS	37078	39235	43846	47539	49396

**Exhibit 2 Consolidated Operating Statement
1998 to 2002
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Item	1998	1999	2000	2001	2002F
Revenue					
Publishing	977	1,201	1,230	1,263	1,294
Donations	145	149	327	391	345
HBHF Grant	585	550	550	580	600
HBC Library				105	
Total Rev.	1,707	1,900	2,107	2,338	2,240
Costs					
Publishing	746	842	931	1,150	1,137
A & O	236	313	386	310	329
Fund Dev.	1	83	113	155	111
Admin.	598	641	700	726	659
Total Costs	1,581	1,909	2,129	2,341	2,236
Net Profit/Loss	126	[9]	[22]	[2]	4

Exhibit 3 – The Competitive Landscape

Not-for-profits face issues common to all organizations - the Seven S's as defined by Peters and Waterman two decades 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.

Not-for-profits did not usually think in competitive terms. However in Canada there had been an explosion of interest in Canadian history. In addition to the CNHS, Historica and the Dominion Institute there were new television shows, both French and English. As well there was the Heritage Canada Foundation, concerned with built heritage, which had been around for some time.

There was overlap among the groups in terms of their audiences, perceived differentiation of product or service and product pricing.

An analysis of four of the main groups follows:

Heritage Canada Foundation	History Society	Historica	Dominion Institute
<i>Mission:</i> To ensure the good stewardship of the nation's heritage buildings and cultural landscapes	<i>Mission:</i> To popularize Canada History	<i>Mission:</i> To promote a greater knowledge and awareness of history and its importance in shaping our future	<i>Mission:</i> To ensure that all Canadians have the historical and civic knowledge they need to participate in society as active and informed citizens.
Established 1975	Established 1994	Established 2000	Established 1997
<i>Core Programs:</i> Heritage property management Policy Advocacy Young Canada Works Heritage Day posters Awards for built heritage activists	<i>Core Programs:</i> The Beaver Magazine GG Awards Program The Berton Award Support to provincial historical societies	<i>Core Programs:</i> Heritage Minutes\TV shows Cdn Encyclopedia Online Heritage Fairs Summer Institutes YouthLinks Community Grants Program	<i>Core Programs:</i> The Memory Project Great Questions Quiz Public Advocacy: -PMs Day -national history course Retrial of Riel (2002)
<i>Primary Audience:</i> 50+built heritage community volunteers teachers youth/post-sec students	<i>Primary Audience:</i> 50+ history enthusiasts community volunteers teachers general public	<i>Primary Audience:</i> teachers students General public	<i>Primary Audience:</i> general public teachers
<i>Annual Budget:</i> \$2.5 million <i>Capitalization:</i> \$16 million	<i>Annual Budget:</i> \$2.7 million <i>Capitalization:</i> Limited	<i>Annual Budget:</i> \$6 million <i>Capitalization:</i> Starting in 2003 – min. of \$6M within 3 years (CRBF)	<i>Annual Budget:</i> \$1.8 million <i>Capitalization:</i> None/Limited
<i>Key Funders:</i> Federal endowment municipal gov'ts Young Canada Works	<i>Key funders:</i> Beaver subscribers Hudson Bay History Fdn Bell Canada, McCain	<i>Key funders:</i> The CRB Foundation Cdn Heritage Digital Content Initiative, RBC, Imasco, Daimler, Canwest Global, BCE, WestCoast Energy, CAE, CN, Imperial Oil, and several other corporations	<i>Key funders:</i> Donner Foundation Historica Citizenship and Immig Defence Vets Affairs
<i>Biggest Assets:</i> Government connections, Network of activists Public policy R&D	<i>Biggest Assets:</i> The Beaver Magazine Beaver Subscribers Connection to historians PrestigiousAwardPatrons	<i>Biggest Assets:</i> Website incl. TCE Heritage Fairs Educator network Board of Directors	<i>Biggest Assets:</i> Public profile Media access Memory Project Agility to

Fiscal resources	Reputation of stability	Fund-raising, fiscal resources	respond/develop good ideas into projects
<i>Biggest Weaknesses:</i> Limited reach outside built heritage community Aging audience Low public profile	<i>Biggest Weaknesses:</i> Limited financial resources Aging audience Low public profile	<i>Biggest Weaknesses:</i> limited reach outside schools Limited history community involvement Top heavy, costly admin Sponsor profile is cluttered	<i>Biggest Weaknesses:</i> One-man show Narrow range of programs
<i>Growth areas:</i> Training and coop education programs Heritage as part of a sustainable development strategy	<i>Growth areas:</i> Educational Programs Website Support to community orgs Youth version of magazine	<i>Growth Areas:</i> Media Programs (all formats) Teacher professional development	<i>Growth areas:</i> Educational Programs