**GUIDELINE TO ESTABLISH A NEW PROGRAM AREA OF DIVISION**

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**Pre-amble:**

This guide provides a high-level insight of the key considerations when setting up a new program area or division within an organization. As each organization is unique, the user of this document may adjust the items listed in this guide as required to meet its particular circumstance.

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**INTRODUCTION**

The following concepts are key for the conceptualization of a new program area/division. Each of these concepts are explained in more depth in the following sections of this guide.

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| Purpose | Purpose provides a clear understanding of the value provided to the target audience and is based on supporting the overall strategy for the organization. |
| Governance  | Governance refers to the manner a program area functions, makes decisions, exercises its authority, and accounts for its actions, including management processes. Effective governance includes processes, standards, and requirements that contribute to program areas operating efficiently and meeting the organizational objectives. |
| Structure  | Structure describes the roles and responsibilities, interactions within the organization, authority, accountability mechanisms, and reporting requirements |

**DEFINE PURPOSE OR MANDATE OF THE PROGRAM AREA**

A well-articulated business case for a new program/division area includes the rationale for its creation, the mandate, and function.

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| **Questions to uncover the value of a new program area/division** |
| # | Item | Comments |
| 1 | Briefly describe your organization |  |
| 2 | Identify your target costumers/clients/stakeholders |  |
| 3 | Reflect on how your program area could help them/what needs are being addressed |  |
| 4 | Define your product/core service |  |
| 5 | Why is it important? |  |
| 6 | What would help your target audience understand how your program area/division is bringing value? |  |

Once an understanding of the value of the new program area/division is somewhat articulated, another step could be to define the mandate by creating a value statement.

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| **The following list supports defining and drafting a good value statement** |
| # | Consideration  | Comments  |
| 1 | A basic statement can be described as “We help (x) to do (y) by doing (z).” |  |
| 2 | Explicitly states who your target audience is (“x”). |  |
| 3 | The message focuses on the needs being met (“y”) and how the problem will be solved (“z”). |  |

**GOVERNANCE**

Governance could be defined as the process of decision-making and the process by which decisions are implemented (or not implemented).

Each organization would have its own set of parameters and processes for decision-making, however, the following principles support good governance:

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| Strategic Vision and Leadership | Refers to a clear understanding of the program area/division’s purpose, including an effective leadership to support fulfilling their mandates and adapt to changing circumstances.  |
| Consensus Oriented | Consensus-oriented decision-making ensures that even if everyone does not achieve what they want to the fullest, a common minimum can be achieved by everyone which will not be detrimental to anyone. It mediates differing interests to meet the broad consensus on the best interests of a community. |
| Effectiveness and Efficiency | Processes and institutions should be able to produce results that meet the needs of their community. Resources of the community should be used effectively for the maximum output.  |
| Accountability | Accountability refers to the responsibilities of the program area/division, such as reporting to and communicating with the rest of the organization regarding operations, outcomes, and finances, and demonstrating the achievement of its goals and objectives.  |
| Transparency | Information should be accessible to the public and should be understandable and monitored. Clear communication and sharing of the appropriate level of information between other areas contributes to organizational effectiveness. |

**STRUCTURE AND RESPONSIBILITIES**

Organizations become more complex as they grow and this may require a formal division of labour and a strong emphasis on hierarchy and vertical links. For some organizations, the new program area/divisions may include advisory boards and committees.

Within a functional structure, employees are divided into branches that each handles activities related to a functional area of the business, for example: marketing, production, human resources, information technology, and customer service. Each of these areas would be headed up by a manager who co-ordinates all activities related to their functional area. The managers in charge of each of the areas would report to an executive position.

The executive positions have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the program area/division complies with all relevant legislation, regulations, and policies.

**IDENTIFY OUTCOMES OR GOALS OF THE PROGRAM AREA**

Once the purpose or mandate has been defined and the decision-making process and structures are established, a program area/division needs to identify its overall outcomes and objectives, and the mechanisms (performance measures) to evaluate how it is meeting those goals.

A common practice is to identify three to five long-term outcomes then assign key objectives at a medium term to achieve such outcomes and determine the key initiatives of the program area/division that support meeting those objectives.

From the key initiatives, performance measures can be identified by understanding what data or information is available that may highlight how the program area/division is meeting its objectives. Setting a benchmark as a point of reference from which the performance measurements may be made supports to quantify performance objectives.

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| A good practice to identify performance measures is to follow these criteria |
| 1 | Reliability – the information used in applying performance measure methodologies agrees with the source data for the different periods of reporting. |
| 2 | Understandability – the performance measure methodologies and results are presented clearly. |
| 3 | Comparability – the methodologies for performance measure preparation are applied consistently throughout. |
| 4 | Completeness – outcomes, performance measures, and related targets match those included in the organization’s business plan. |

**FINANCIAL ELEMENTS**

As every organization differs, it is important to understand the requirements of the new program area/division in regards to area-specific business plans, connection with organization’s strategic plans, and other financial and performance reporting.

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| The following financial elements should be considered when establishing a new program area/division |
| 1 | Required operating budget |
| 2 | Expenses and other sources of revenue |
| 3 | Reporting entity |
| 4 | Financial statements and annual report, including acceptable accounting principles |
| 5 | Other statutory reports identified in the legislation (if applicable) |