

Alberta Crop Industry Development Fund Ltd.

LESSONS FROM *ACIDF*

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The Alberta Crop Industry Development Fund Ltd. was a multi-faceted company with a wide stakeholder group. To the Provincial government, ACIDF stood for integrity, efficiency, and transparency. To the research community it was functional, flexible and fair. To the agriculture industry it has been a collaborative and consistent partner. For the tax payer, ACIDF has exceeded expectation in its objectives, and invested more in grants than were granted to the company.

Alberta Agriculture and Forestry (AF), requested ACIDF collect some notes on why it was so successful. In the words of Jason Krips, former Deputy Minister of AARD, ACIDF has *“not been shy about offering sage and cagy advice...”* The chance to write a corporate memoir couldn't be passed up. So, here in print, are ACIDF's core competencies.

To a large extent, this is about a belief structure rather than a recipe. There is no one “right way”; but there are some hard-and-fast guidelines. If you leave this document with a better focus on results over process then the document is a success.

“ACIDF represents the Gold Standard for funding organizations.” - John Knapp
2017



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Approaching the Topic

Here's to the crazy ones. The misfits. The rebels. The troublemakers. The round pegs in the square holes. The ones who see things differently. They're not fond of rules, and they have no respect for the status quo. You can quote them; disagree with them; glorify or vilify them. About the only thing you can't do is ignore them. Because they change things. They push the human race forward. And while some may see them as the crazy ones, we see genius. Because the people who are crazy enough to think they can change the world are the ones who do.

~ Steve Jobs, inspired by Jack Kerouac (<https://youtu.be/2hZTpZrrDbY>)

Government today is mired in "process". In fact, process in government has become hugely more important than results.

Any time that process itself becomes a goal, results are actually discouraged because that ends the precious process. More effort is put into making more elaborate and complex processes, and more people will have a personal stake in perpetuating the situation.

Boxer "Sugar Ray" Leonard, speaking about the size of his entourage, put it this way: "you start with a guy carrying a bucket of water, and you end with a guy supervising a guy carrying a bucket and a guy trying to carry the water."

Truly successful organizations, whether armies, businesses, governments or NGOs are result-oriented and focussed on measurable outcomes.

Measurable Success

ACIDF's success has been based on the three "E"s our our business plans: Efficient, Effective and Economical. Each of the three is a measurable result in itself. Efficiency is measured in costs expended, with the Gilroy percentage (operations costs as a percent of grants approved) being a solid indicator (10% is a bare passing grade). Economical is also a monetary comparison with other organizations, and this organizations past performance. Effectiveness is a production measure (projects handled per FTE) coupled with a 360 review of performance by clients.

In defining measurable outcomes, focus on a few, well-defined, measurable items. These need to be related to performance, not ideology. Too many makes for confusion and poor measurement. A few is best; and you can add more as the organization matures.

A Brief History of the Company

In 1999, Alberta Agriculture Food and Rural Development received approximately \$100 million in money from the federal farm income disaster program. The federal program duplicated Alberta's Farm Income Disaster Program (FIDP) and through industry consultation it was decided the available funds be used for industry development. From this block of funding, \$23.75 million was used to create the Livestock, Diversified Livestock and Crop industry development funds (IDF).

While similar in corporate structure, the three IDFs were quite different in implementation. The two livestock funds segregated funding by type of livestock, with the most complicated structure having allocations to each industry, plus a jointly shared pool as well. The crop fund favoured a single fund and all applications were judged based on impact to the respective industry and to the Province.

There was also a difference in approach to AAFRD. One of the livestock funds was quite adversarial, and frequently pushed the limits on funding agreements with the Minister. At the other extreme, ACIDF understood the contractual obligations, followed them, and did the best possible for the industry while doing the best possible for the Minister.

Know Who Your Boss Is.

ACIDF existed to better the crop-based industries in Alberta, from producers to products. (cue: inspirational music) This was what got the staff out of bed in the morning, and got the Board to the table. The goal was to improve the industry, benefit the Province, and make a better future for our children.

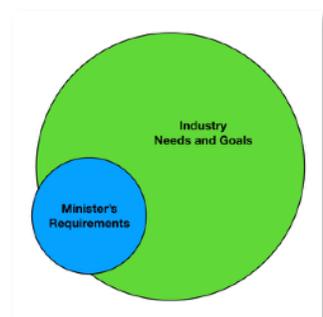
It is only half of the story. There are a full dozen grant agreements and amendments that have supplied ACIDF with the resources to function. The company had legal obligations to the Minister of Agriculture and Forestry. The obligations were clear and attainable. It was ACIDF's belief that if the obligations were exceeded, and the company provided clear value to the Minister, then ACIDF would receive continued financial support to benefit the industry.

ACIDF had 2 bosses: the industry and the Minister.

The legal obligation is to make the Minister happy. The moral obligation is to maximize value to the industry. This can be a win-win situation.

From figure 1, the Minister's requirements are a subset of the industry's needs and goals. There is a high probability the industry will need something that is not possible under agreements with the Minister.

Figure 1: Relationship Between



Adding Value by Adding Value.

To excel you must exceed expectations. And to exceed expectations you need to be crystal clear what the expectations are. Just meeting expectations is for second place.

Value for the Minister

The grant agreements, collectively, contain very broad and diverse strategic objectives. While there is some variance, these were easy to meet and quantify because of their breadth.

ACIDF provided value in other ways:

Make use of funds that would be otherwise lost. The government, rightfully, is held to a fiscal financial policy, with accounts zeroed at the end of the fiscal year. By transferring funds to ACIDF with purpose, those funds are available over a longer time window more suited to the use.

Strengthen AAF's Business Objectives. By approaching AAF's objectives from a business format, work was accomplished faster, cleaner and cheaper. An example of this is the BPIC dryer. Infrastructure predicted 2 years for installation and commissioning. ACIDF completed it commercially in 8 months.

Coordination with industry priorities. ACIDF's focus and partnership with industry was key in bringing industry resources to the table in partnership with government funding.

Picking winners. Government in general has difficulty picking winners, or more accurately naming losers. Government is best at treating everyone the same, and giving grants based on set criteria. Research and development funding is based on the right people, the right resources and the right price. ACIDF provided a solid service by saying "no" about 75% of the time.

Holding assets. ACIDF owned equipment to benefit the industry on several occasions. The reason for this is to retain control, even though the users of the equipment may change over time. This ensured the equipment was available for an on-going purpose.

Taking heat for policy. More than once ACIDF has bourn the brunt of public backlash to saying "no" or to how programs were delivered. In a political environment this can be great service.

Investing more money than granted. In virtually every fund, ACIDF invested more dollars than was granted by AAF. Overall, ACIDF spent \$89 million on projects out of \$84 million in government money. This does not include matching or leveraged funding. This is the result of careful investment and minimal operation costs.



Value for the Research Community

Before Industry Development Funds, the Research & Development community had some clear challenges:

- ◆ Multiple organizations to apply to
- ◆ Multiple applications, even within organizations and within specific calls
- ◆ Multiple applications windows

In perspective, a researcher applying to 3 organizations for funding, may have to write and submit 6 different applications, each taking a day to several days to complete. This can be a massive demand on time that could otherwise be spent on actual research or extension.

After funding the challenges remain. The researcher in the above example could easily have to prepare 3 different reports each at a different time of year to satisfy supporting funders. Again, an amazing waste of valuable time.

ACIDF provided value through forming the Agriculture Funding Consortium in partnership with the ALIDE, DLFOA and AARI. Other organizations joined later. The Consortium model provided:

- ◆ One window applications. Most calls had a letter-of-intent (LOI) and an invitational full application
- ◆ Shared application diligence
- ◆ Lead funders. Applicants deal with only one organization rather than several.
- ◆ Ability for funders to share projects. Eliminates the need for applying to several funders.
- ◆ Standard agreements
- ◆ Standard reporting

Value for Funding Community

Probably the least recognized value for the funding community has ACIDF's high standard for reporting, payment and legal agreements. These were widely shared through the industry, and adopted by both funders and research providers alike.





Modern government is so focussed on process that they have forgotten results are the objective.



That is ACIDF's core competency.

While funders clearly benefitted from the benefits listed for applicants above, there were some additional benefits for them:

- ◆ Standardized agreements. This was beneficial for reduced legal costs as well as consistent terms and benefits for funders within the agreement.
- ◆ Shorter processing time, as template agreements are easier and faster than one-off versions.
- ◆ Less need for specific skill sets in project management. Mentorship from “professional funders” made funding easier for smaller and less frequent funders.
- ◆ Lead Funder roles compressed workloads in project management and saved duplication.
- ◆ Shared diligence reduced costs and competition for reviewers
- ◆ Communications between funder reduced “double dipping” and duplicate research projects to almost nothing.

Value to the Industry

Obviously efficiencies at any level benefit the entire industry. Intelligence, though, is beneficial across the industry and into adjacent industries as well.

Strategy and Priority Development. While focus groups can provide a narrow snap-shot at a brief point in time, partnership and continuing dialog provide a two-way understanding of “the big picture.” It is common for people to feel “government doesn’t communicate well” or that “industry won’t talk to government.” And there is some ground for both feelings. The truth is that government tends to be highly introspective, and they talk with industry only rarely. Further government has a long memory for those discussions and believe that small consultation goes a long way and lasts a long time.

Organizations like ACIDF are involved in project partnerships with industry (both as partner and as funder) and are developing strategies and priorities in tandem. It is a continuous two-way discussion that results in understanding and shared effort.

Intellectual Property and Knowledge Development. More often than not, the interests of the Funders will vary from the interests of the research/development providers with respect to IP. The IP ownership and how it may be used needs to be clearly understood by all in advance. The interests of a researcher, for example, may be best served by publication, where the interests of the organization may be served by patent protection, and the interests of the industry by trade secrets. Expensive research can be handed to competitors, simply by a researcher making a poster presentation at a conference.

Simply put: *Forget patents.* Trade secrets are the way of the brave new world.

Corporate Governance - The Need for Trust at Arm's Length

Government has difficulty giving resources to organizations like ACIDF. There are a thousand questions such as:

- ◆ Will they do what we need them to do?
- ◆ Will they use the money wisely?
- ◆ What if they do something we don't like?
- ◆ What if something illegal happens?

Lots of questions, that have the same answer: contract. The contract specifies how the money can be used, when and under what conditions. It also specifies what can be done in a legal way if there are problems. There won't be, because the industry wants this to continue. All of the ACIDF agreements contain a 180 day termination "without reason" clause. You don't get more protection than that. And for the record, companies like ACIDF have a MUCH lower level of illegal activity than the Provincial government itself.

Open Communications

Transparency has been ACIDF's stock in trade. The company openly communicated its strategy and priorities to anyone willing to listen. At the same time the company needs to hear concerns from the Province as they arise. Little problems are easier to fix than big ones. The Minister has always been more secretive than ACIDF.



Understanding the Purpose

In order to achieve that win-win for government and industry, both need to be on the same page. At some point, either in public discussion or behind closed doors, both need to clearly understand the purpose and intent of the funding.

Realize that rules and limitations will interfere with clarity. This is not about tactics; not about which project to fund. It is about strategy. What do you need accomplished? How can we help do that, within our own limitations?

Brutal audits. Good for everyone

As a funding organization, the world is filled with numbers and dollar signs. Transparency and integrity are the two most important tools, and the audit is component of both. ACIDF has always asked the auditors to work to their highest standards. The company has always gone to lengths to make sure they have anything and everything they ask for. We give them the keys to the file cabinet. We keep an “audit file” of questions, transactions, problems and solutions we’ve seen through the year, and hand them that too.

Share the Gold (sheet)

To minimize process, the process has to be open to scrutiny. We share the steps, players and timelines freely with everyone.

The “gold sheet”, named for the color of the paper, is about money. It shows income, expenses, project disbursements, and related financials to the day. This goes to our board at every meeting, to our auditors at any time, and to any one who requests it.

Lack of information breeds imagination - Doug Walkey 2009

Board Structure and the Right Players

The Board is the most critical component of the organization. Brace yourself, this section is going to be brutal.

Avoid professional meeting attenders.

Governance should be in the hands of those elected (ie commissioners, not staff). This applies to project approvals and to company decision makers.



Where possible favour knowledge over position. Usually a participant by position means “corner of desk” priority. Timed-out commissioners are good candidates because they are done with the commission yet highly current in issues.

You want people who are interested and engaged in what the organization is doing. You don’t want people who are into remuneration, prestige, or self gain. Political or organizational patronage should be avoided at all costs.

“If you want something done, give it to a busy person.” (old saying)

Rotation and membership. Membership is the most important here. Again people need to be involved and knowledgeable; not position-based. For ACIDF this was producers or people active in the industry. It was people with “skin in the game.”

Because the company relies heavily on the knowledge of the Board, we stepped the rotation for one position per year. This made for a smooth transition, some training/ familiarization time for the “new kid”, and for consistent transition in board policy. It was good for everyone. And it helped with corporate memory. More on that later.

The other feature of the rotation is that each 5 year term is “fixed”. That is, if a member left at the 3 year mark of their term, then the replacement would fill the final 2 years of the term. That kept the overall rotation solid and functional.

Sloth does not equal thoroughness. - Doug Walkey 2017

Grants to funding organizations

There is a right way and a wrong way to give money to an NGO. This takes us back to the trust issue. If the NGO is NOT trustworthy, then nothing you will do or enforce will change that. If they ARE trustworthy, then huge enforcement just wastes time, money and energy.

As a case in point, Fund 2008 which was from AFRD to ACIDE, took about 5 weeks to come to agreement and transfer funds. Fund 2008 was operational and granting funds to good projects in about 10 weeks. By comparison the Feeding Initiative from ALMA to ACIDF was bogged down by hoops, GSA agreements, advisory committees, additional committee ex-officio members and special reports that delayed getting the program underway by over 1 year.¹ Using process (that word again) to cause delay is endemic in Federal government clusters as well.

¹ Surprisingly, ALMA demanded to know why ACIDF had fallen behind in grants.

Budget item compared to Grant

By far the best alternative is the grant process. Funders are seriously handicapped by having to zero annual budgets. Having to work within a fiscal year means money gets 'rushed out the door', contract amendments proliferate, accounting becomes complex and stress levels for researchers climbs dramatically.

Having to work within a fiscal year also complicates the grant itself. There are only two models that work:

1. Grant is given for the entire project, say 3 years, with a final payment holdback. The funder has to account for the holdback out of the third year's budget. The applicant has to be reliable enough to manage 3 years budget in hand. And the funder loses most of their leverage to get work done, and manage the process.
2. Grant is broken up into years. Year 1 payment comes out of year 1 budget, year 2 payment from year 2, then year 3 payment and the holdback payment comes out of year 3. The odds are very good the holdback will need to be amended and accrued into year 4. This affects the number of projects to be approved. Now you are paying only year 1 payments out of this year's budget, so you can have more projects on the go. But you also need to be very sure that the coming years budgets are the same or slightly larger, so you can actually meet the contractual grant agreements. And the final issue here is that if you spend this year's budget on 1st year payments for a number of projects... you won't be granting any money next year or the year after because your budget is fully committed. So much for strategic grant planning.

In both of the fiscal year models, the funder lacks flexibility, gains expenses and loses the ability to be strategic.

But that isn't the biggest problem with annual budgeting for funders. Operations costs are. Board costs, staff costs and other operations expenses come "off the top" of the money available. Generally that means at least 10% of funds are lost immediately, reducing the number of projects that can be supported. There is no opportunity to generate income and affect operations.

In the case of granted funds, the funder has the opportunity to work across the fiscal year boundary. This allows projects to conform to the agriculture cycle instead of a fiscal one. It allows projects to stretch or contract in time without major issues. And most importantly, it allows the funder to invest the holding and make enough income to cover operations and more. This has been highly successful for ACIDF.

Consistency over Time

The greatest challenge to the IDFs has been the inconsistency of funding. Granted there has been great success with 6 year blocks of funding that allow an assortment of 3 and 5 year projects. But the real gains and most successful projects have come from successive funding initiatives that have allowed consecutive projects. This allows the ability to develop ideas and technologies. It allows the development of teams and expertise and it allow the development of new ideas that have grown from the originals.

Consistently also builds trust and partnership. Everyone is wary of new acquaintances. Who hasn't wondered at the words, "Hi, I'm here to help." With time a track record develops. With successive successful projects trust develops. With experience and shared knowledge joint strategy develops. Consistency is the key.

Long Term Projects

While ACIDF was developed to address short-term and immediate problems, there are long-term needs. Immediate problems may need long-term solutions. There is a clear need to provide consistent guidance and support to keep long term work on track.

Two good examples are the nutrient and water use efficiency projects and the Fusarium sp. disease control projects. Both have immediate returns. Both have long-term research solutions. Both are underway. And both are in immediate danger of falling apart and being lost because of lack of consistent support. In both cases you not only lose future gains, but you lose the past decades of development as the projects are dropped.

Reasons for Giving Grants

There are two primary reasons for giving research & development grants:

- ◆ philanthropy - driven by tax implications, ego, public image, genuine concern
- ◆ defined purpose - industry development, producer benefit, economy, jobs, save-the-Earth

Philanthropy usually gets good press, and probably doesn't deserve it. Philanthropy tends to be sensational, flavor-of-the-month support. Significant (ie: newsworthy) amounts of money are granted to high profile (ie: newsworthy) activities. Often 5 year support, this draws together a talented team, elaborate equipment or a combination of these. At the end of 5 years, this is old news to the philanthropist and funding declines. The team disbands and the accumulated IP dissipates.

Defined purpose grants often attract industry and involved partners. They are problem driven. Through the problem, progress is measurable. And because the purpose is born of a written strategy it also has a longer lifespan. This is the formula for success.

Horngren's Observation: Among economists, the real world is often a special case.

Giving grants

There are a number of considerations in giving out money that makes it a lot more difficult than it sounds. As Murphy's Law states: "If anything can go wrong, it will." Consider these things:

Project Failures.

Scientific projects go wrong all the time. In most cases these are corrected by project design, but there will be project failures. By failure I mean the project is not complete; not the research proving the theory incorrect (a success in itself). So expect some projects, maybe 3 to 5% to fail.

In one horticulture project, some quiet sleepy test plots were destroyed when a car crashed through the fence and leaked transmission fluid all over. The tow truck destroyed the remainder.

Contract terms and safeguards.

These are things we need and hope to never use. Out of 650 successful applications, ACIDF has used the hard terms in the contract less than 10 times. Often just the fact that you are willing to use them is enough to solve problems. The grant agreement should be lean strongly in favour of the funder, as the funder has no other way of impacting problems in the project.

For a funder it is highly useful to terminate a contract or two. The applicant community is a small one, and if the funder is firm the news goes through that community like a grass fire.

Four major issues with overhead.

There is overhead and overhead. In Alberta, funders did NOT pay overhead on projects until the mid-1990s. Tighter budgets prompted research organizations to try and download their fixed operations costs on to project funders. Funders, for whatever reason, felt this may be reasonable. After a few years, the overhead costs escalated and became entitlements.

Overhead costs attached to projects started at 5%. As entitlement set in, the rate grew to 9%. Then the University demanded 15% for funders and up to 65% for industry. Small wonder they have trouble attracting industry investment.

ACIDF's early agreements with the Minister did not support paying overhead. The ALIDF chose not to follow that part of the agreement and paid readily. ACIDF followed the terms of the agreement, and for a few good reasons:

1. 15% overhead is essentially a 15% reduction in the funds ACIDF has to invest in projects.
2. Overhead is an arbitrary fee that has no relation to the work the project is doing.
3. Overhead is generally NOT auditable.

Let's look at how the U of A handles overhead collected. Of the total grant, let's say \$100,000 for easy figuring:

Original Grant		\$100,000
Overhead rate	15%	\$15,000
Total overhead charged		\$85,000
Total overhead		\$15,000
Portion to UofA central administration	50%	\$7,500
Portion to Faculty and department	30%	\$4,500
Portion to Researcher program	20%	\$3,000

The first issue is only \$85,000 of the original \$100,000 is available for the project as intended.

The second issue is only \$3,000 of the \$15,000 in overhead remains even in the researcher's program. And even then, none of the \$3,000 is required to be used in the project.

Essentially the full \$15,000 becomes a gift to the University.

More Problems

There is another problem with overhead, and that is "Double Dipping" or claiming expenses more than once. When you look at the project budgets, the research providers will charge as much as \$350,000 per year for their researchers. This may be "in-kind" contribution or it may be an out-right charge. When pressed this is to cover lab costs, lights, power, administration and other overhead costs. Yet they expect funders to contribute 15% of the gross grant above that to cover the same expenses. Double dipping.

And a fourth issue with overhead is scale. For example, a \$10,000 project requires the same amount of paperwork and administration as a \$100,000 or even a \$1,000,000 project. There may be some variance, but a \$1 million project does NOT require 100 times the administration that a \$10,000 project would. In fact, as a percentage the larger project should require LESS administration costs because of its size. Yet with flat rate overhead, the \$1 million project loses \$150,000, or the equivalent of an entire average project from the funder's portfolio.

Remember what you said, and mean it.

Corporate memory is extremely rare these days. Particularly among funders.

For example, it is very common for proposal calls to request projects that have business involvement, and partnerships. It is equally common for those proposals to be declined because some IP or control would be vested with a business. Why else would a business invest in the first place?

Flavor-of-the-Month investing

Here is the scenario: A funder supports a large project, series of projects or a program in a specific area. Typically this will be a 5 year investment for a serious amount of money. It often includes a big press announcement and possibly some political flag waving. The researcher sets out on a course of lab development, equipment purchases and hiring to make the program work. It will take about 18 months to set things up, so things go really smoothly for 3 years after that.

Then comes the quest for new funding. And there isn't any. Why? Here are some common reasons:

- ◆ That program which supplied the original funding is finished
- ◆ Funders put a huge amount of money into that [5 years ago] and want to diversify
- ◆ Priorities have changed and that isn't important to us now.
- ◆ This isn't newsworthy any more.

The result here is obviously this research team will have to disband, equipment will be shifted elsewhere or stored, and future work ends. The unfortunate truth is that the work over the 3.5 years is not complete and will be shelved, forgotten or given away.

Sound like fiction? Its not.

Application systems

The base message in this section is “**respect applicants time. Don’t waste it.**”

A letter-of-intent (LOI) followed by a full application, done right, makes good use of everyone’s time and effort.

The LOI process

In perspective, the LOI should reduce the number of proposals down to about 120% of the amount of money to be invested. Here’s why:

An applicant to a major call should be investing about 1 to 2 days into an LOI application. That is a huge time commitment, but still fairly small compared to the 3 to 5 days for a full proposal. Quality applications have to be done by the people with the special knowledge of the project so they can’t be downloaded to students or administrators. The applications mean time and money to the researcher. It also means less time available to do research. It is a lose - lose situation.

For the funder, the LOI is the strategic part of the process. It is a value question. “Is this piece of work worth this amount of money to my organization?” There is a lot in that question. Does the work fit strategically for us? No? Project declined. Yes? Next question.

Does the project give us results that justify the cost?

Is the team the right team to do this work? This can be track record, facilities, experience, or skill sets.

And not least is: “Do we have, or can we partner to get, enough money to pay for this?” If the answer is “no” or “we don’t know” then to accept the LOI is wasteful and unfair to the applicant.

Base rule: As the LOI is a value statement there one thing that a funder cannot accept and that should result in immediate rejection of the application:

1. The scope of work and the amount requested should NOT change by more than 15% without express permission from the funder first.

Why? Here’s an example. Early on ACIDF received a proposal from a credible institution to do a “piece of work” for \$75,000. It was interesting, strategic, and well laid out. The LOI was accepted. At the same time, several other good projects, judged slightly less attractive, were declined. When the full proposal came in, the request was for \$750,000 for the same work. The value statement was dramatically different. And the project was both unaffordable and unwanted at that price. In the mean time other applicants had been declined and lost a year because of this.

The full proposal

Once the LOI has reduced the mass of applications down to about 120% of what you can afford to fund, the full applications can work their magic.

The full application should be designed to state the objectives clearly, the methodology, limitations and costs. The LOI will have answered the strategic question. The full proposal answers these questions:

1. Is the method sound with a reasonable chance of success?
2. Is the proposal competitive with the other proposals being considered?

In Summary

LOI call should seriously cull proposals. Full portion of call should accept 80-85% of selected LOIs.

Being generous accepting LOIs might make you feel generous, or worse, smart by thinking you won't miss anything. But keeping only those that have a reasonable chance of support makes good use of applicant time, saves you work, and gives a professional positive message.

Direct contact vs open calls

When ACIDF was beginning, nearly 95% of proposals accepted came through open calls. In later years less than 50% came through open calls. The difference? Focus.

As an organization understands what needs to be done, and has an unbiased system to verify that understanding, it is more efficient to approach known researchers with a proposal. There has to be trust, experience and track record. Given those, this is a superior way of developing projects because the researcher has opportunity to understand the funder's objectives and the funder (and board) have equal opportunity to understand the boundaries of what they are asking for.

Review committee Issues

Many funding organization utilize review committees in various forms. Given that the decision-making body in any organization (the Board in ACIDF's case) cannot know everything, advisors are sound and necessary. Advisory committees are not without problems.

Fixed vs Ad-hoc

A fixed committee is easy to set up with known members who meet over time. An ad-hoc committee is called for a purpose and disbanded. When new purpose arises, a new committee is called.

The issue with the fixed committee is that the participants will have narrow areas of expertise and will wind up making opinions outside of those areas. This is similar to the original decision making group, and the very reason an advisory group was formed.

A second issue is the fixed committee gains great powers among their peers. They are a cog in the decision making and their word can have a large effect on their peers' programs and success.

The up-front management of the ad-hoc process is more demanding. You need to continually cultivate participants. In return you get specific expertise for each question. You have more than one expert at the table to address the question. And your central decision group will get better information back. Finally because the ad-hoc committee is short lived, the power and entitlement issue is non-existent.

International Content

Any area that may generate intellectual property (IP) or confer a competitive advantage to the province should avoid international reviewers. Basically you are giving away content and knowledge that may benefit you. There is a plus in that you might find out what the international reviewer knows, but what you stand to lose is far more important.

There is also an innate belief that having international people on a review committee will bring new knowledge, and they assuredly will. But whether the knowledge is relevant to what you are reviewing is a huge question and likely to be untrue. There is no guarantee the international person will know more about the issues, or know anything about Alberta's situation. But they will gladly learn more about your IP and situation, for their benefit.

If you want international knowledge it is much better to involve knowledge searchers and harvest information from others, than to give it away through bleeding-edge applications.

Expert vs Positional

Very often advisory groups are made up of people who have a job title. Having the word specialist on a business card is not sufficient to guarantee quality. To be highly functional an ad-hoc committee needs to have recognized experts, complementary experience and the ability to prune participants who are not contributing or do not possess complementary knowledge.

Investment advice

ACIDF utilized a conservative Investment Policy Statement, to guide investors in managing resources. This worked very well for the company, and the IPS is a matter of record. Here are a couple of thoughts on how it worked.

If we were to do this again:

Have the ability to invest in funds as well as specific instruments. Diversity in investments is a good thing, and often carefully chosen funds will give more diversity than any other form of investment. Also as the funds shrink at the end of the investment period, re-balancing costs of separate instruments becomes expensive and unwieldily.

Have the ability to invest at least a portion of the holding beyond Canada. Canada in itself is too small a market for large investments. And a second point, Canada is quite fragile being strongly energy-based on one hand and dependant on the US border on the other. One suggestion is to limit equity holdings to Canada, and allow investment in funds with US or international positions up to a certain percentage.

Consider rotating investment portfolio managers more frequently. Organizations like ACIDF constitute a large portfolio, yet familiarity breeds complacency. Further, each investor has a speciality, and that specialty may not match the phase of the market you are in. This should be a Board consideration.

Internal Processes

“Fire the process people. Focus on results.” - Doug Walkey, 2018

Most process functions are ‘nice to have’ at best. Watch for what steps consume the most time, and really question their value to the client.

“Deciding what not to do is as important as deciding what to do.” Steve Jobs

In-house or out-sourced? That is the question. Every time you give someone else control over part of your operation, you lose part of your control and part of your calendar.

Example: outsourcing web pages can mean it takes weeks for updates. An elaborate process to change content means content doesn’t change. A fancy, high-tech web page might be an asset for the organization, but for a funder it is more likely expensive vanity.

Hire people who are better than you. Then trust them. Expect professionalism and be prepared to enforce it.

Train people well enough so they can leave, treat them well enough so they don't want to. - Richard Branson

Personal development in small business is important. You need multiple skills in one person. Small organizations don't have the luxury of specialized positions simply because the quantity of work doesn't justify the specialization.

Communications and Showmanship

ACIDF has been asked many times why it didn't have booths at various events and trade shows. The answer is simply that there is no value to the company to do that. It would be for vanity alone.

A funder rarely needs to do a lot of advertising. Applicants will find you.

In agriculture there are very few research providers. A letter to the CEO of each one stating what you are interested in supporting will do far more to promote the funder than any trade show could.

You need to consider the target market for what you do. What do you want to accomplish? If you want to attract scientists, either contact them directly or release material through channels they will see. If you want to report to politicians, do that. Advertising to the public in hopes that your specific market will get the message is hugely expensive, time consuming and wasteful.

Celebrate success, terminate failure. We've fired financial advisors and lawyers. We've supported good researchers that work with us and the industry.

A Few Final Thoughts

- Sloth does not equal thoroughness
- Don't develop a new strategic plan when actually the one developed over 110 years just needs tweaking. Rename it if you need to make your mark on it.
- Process is an end in itself... no results required. Nor does process need to provide performance measures, because everyone will see the time wasted.