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Why Do We Need By-laws?

Our Chapter has just started up, why do we need by-laws? In reality, you probably don't need them right now, but there are some circumstances where they are useful or may even be required.

Most organizations, whether they are a corporation, a small business, or a volunteer-run not-for-profit, go through stages of maturity as the scope and size of their operations expand. The stages generally reflect the degree to which their business practices ("the way they do things") are documented and followed.

The first or start-up step is often referred to as the "Hero" stage, where everything depends on one or two individuals to provide vision, direction, and in many cases, actually do most of the hands-on work. The principal (and often only) documents are the *"Seven Principles of the Compassionate Friends"* and *"Sharing Circle Guidelines"*. Many TCF Chapters find themselves stalled at this stage and there is often a real risk that the founder(s) will either lose interest or burn out due to an excessive workload.

The second stage is reached when there are some written instructions that allow activities to be divided among several individuals. These may include basic information, for example, important contact details, where the meeting room keys are kept, how to facilitate a Sharing Circle, or how to organize special events, such as a Candle Lighting. These initial procedures allow others to conduct recurring activities while the original founder(s) can take on more of a coordination role.

The final stage of maturity is where all activities are fully documented with written policies and procedures that are reviewed on a regular basis. The organization functions smoothly, even though the original founder(s) may have stepped back or even moved on. The benefit is that everyone knows what they are to do and how they are to do it, while the leader(s) can put their energy into more strategic issues and only become involved in day-to-day situations that require special consideration.

How "mature" is your Chapter? As volunteer-run organizations, only larger and long-established Chapters are likely to have or to need fully developed policies and procedures. However, for smaller Chapters, even simple instructions can reduce the burden on a few key individuals by allowing activities to be shared among several supporters.

There are situations where documented procedures are necessary. In particular, if your Chapter wishes to register as a charitable organization, the Canada Revenue Agency (CRA) requires a formal Constitution and By-Laws to define how the organization intends to conduct its business. In addition to naming responsible key persons, CRA requires an annual report of your Chapter's activities, including financial statements. These reports are intended to confirm that the organization is indeed operating as a legitimate charity and is not just a tax-avoidance scheme.

In this situation, having by-laws allows your Chapter to qualify for charitable status so that you can issue tax receipts for donations to cover your expenses.

Another situation is when a Chapter intends to incorporate, either provincially or federally. Incorporation creates a separate legal entity that provides a degree of separation of liability for the individuals managing the day-to-day business. Both CRA and provincial agencies have specific procedures for incorporation that must be followed.

So, to answer the original question: if a Chapter is just starting up, it does not need to have by-laws. But if you want to encourage others to share the workload, consider writing down guidelines for how certain activities should be conducted. And if you intend to register as a charity, or to incorporate, sorry, but CRA has already made the decision for you!

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