

COACHING THE BOARD PRESIDENT

- Mission Drift
- Governing Documents
- Strategic Direction
- Board Orientation
- Transparency
- Authority
- Executive Sessions
- Maintain Focus
- President's Message
- Policies



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Foreword

One morning during a leadership training program, I was describing the importance of a strategic plan. The audience included board presidents and executive directors.

I will never forget walking past a table and hearing the president (who had been installed six months earlier) ask the executive director, “I guess I should have asked you if we have a strategic plan?”

Having consulted with thousands of nonprofit organizations (associations, chambers, fraternities and other nonprofit groups) I have compiled the articles that resonate with volunteer leaders.

The intent is to transition from, “I wish someone had told me this at the start,” to helping the chief elected officer understand, prepare and have a successful term.

Definitions

Because the IRS grants the exemption from paying federal income tax, it is important to understand their definitions of governance, directors and management:

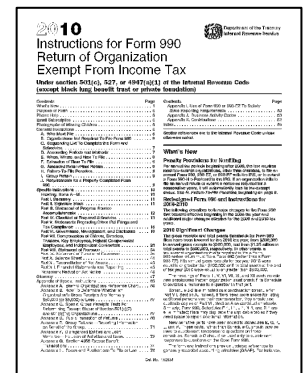
Governing Body - The group of persons authorized under state law to make governance decisions on behalf of the organization and its shareholders or members, if applicable. The governing body is, generally speaking, the board of directors (sometimes referred to as board of trustees) of a corporation or association, or the board of trustees of a trust (sometimes referred to simply as the trustees, or trustee if only one trustee).

Director or Trustee - A member of the organization’s *governing body*, but only if the member has any voting rights. Members of advisory boards that do not exercise any governance authority over the organization are not considered directors or trustees.

CEO or Executive Director - A person who, regardless of title, has ultimate responsibility for implementing the decisions of the governing body or for supervising the management, administration, or operation of the organization. “CEO” stands for chief executive officer.

Notice: The information provided is intended to be practical. Be sure to rely on legal, accounting and insurance professionals.

Questions? If the president of the board has a question, please email bob@rchcae.com.



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Governing Documents

A nonprofit¹ organization is guided by laws, policies and protocols. In most cases the organization is a legal entity required to comply with federal, state and local laws. In addition, prior boards have established policies and protocols. It is critical to read and understand the governing documents that guide your organization.

Generally, there are **FOUR GOVERNING DOCUMENTS** that guide the board's role in governance². The corporate legal concept of *duty of obedience* requires adherence to these documents.

Mission Statement

The mission statement --- or statement of purpose --- is the single most important statement. It conveys the reason for existence. The IRS relies on the statement to determine tax exempt status.

The mission statement guides the board and staff, and informs members, prospects and other organizations as to the reason for your existence. A mission statement is generally reviewed and updated when the strategic plan is developed. The trend is for a short, memorable statement that identifies the organization, the membership it serves, and what it offers.

Duty of Obedience - a legal principle - requires a board member to accept and follow the mission of the organization as well as any legal documents — articles of incorporation, bylaws, policies and position.

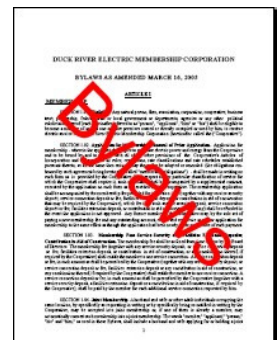
Articles of Incorporation

The articles of incorporation (sometimes referred to as the charter or constitution) are the primary rules governing the management of a corporation, and are filed with a state or other regulatory agency. State legislatures amend the law periodically; thus staff should monitor changes to the state's not-for-profit corporate law.

Bylaws

A bylaw is a rule governing the internal management of the organization. Bylaws cannot supercede local, state or federal laws.

The founding directors draft the initial bylaws under the authority of its articles of incorporation. Bylaws generally cover topics such as membership categories, how directors are elected, how meetings are conducted, standing committees, and descriptions of responsibilities.

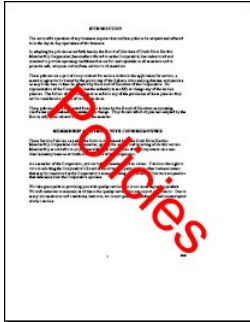


¹ Synonymous with *not-for-profit*; references state corporate status as a legal entity.

² If your organization has an affiliate status, such as chapter-state or national, be sure to understand affiliation expectations.

The general membership typically must ratify amendments to the bylaws. The IRS requires that amendments to the governing documents be submitted annually (use Form 990.)

Policies

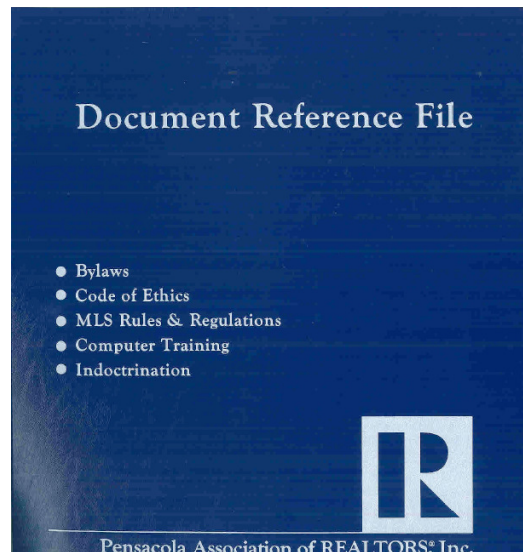


A policy interprets the governing documents and is usually maintained in the form of a policy manual; for example, a policy on investing the organization's savings. The policy development process includes the identification of recurring issues and the best alternatives selected by the board.

Policies can be adopted or changed by the board without involving the general membership. The authority and rationale for policies are always found in the meeting minutes. Consider policies as the *wisdom* of the board passed on to future leaders and staff.

In closing, these four governing documents should be in a format that are easily read and understood by the board so that they may fulfill their responsibilities. Be sure every member of the board has received the documents.

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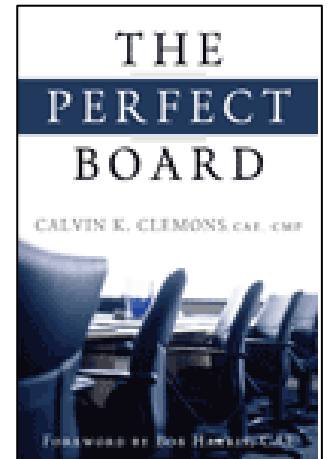
Board Orientation

BOARD ORIENTATION is the process to inform directors of their roles and responsibilities. Ultimately, the board is responsible for the organization. A good orientation begets good board members --- plan it carefully.

Without orientation, directors may have misconceptions or not understand their roles. While some boards feel an *annual* orientation might be “a waste of time,” the yearly discussion highlights organizational changes, increased expectations on boards, and focuses on goals and program of work.

Orientation can be delivered in a morning or afternoon session, or may include a weekend retreat.

- The executive director and senior board members should be involved in planning and delivery.
- Use legal, insurance and accounting experts for additional speakers.
- Include the *entire* board and consider inviting committee chairs and prospective leaders.
- Divide the information into four parts: (1) about the organization, (2) board roles, (3) risk management, and (4) strategic direction.
- *New directors* will appreciate a special invitation to the offices or a visit with the CEO to ensure they have an understanding of the organization.
- Supplement orientation with a leadership manual that includes the information volunteers will need for a successful year --- including advice on antitrust avoidance, rules of order, conflicts of interest, public documents, budgets, strategic plan, etc.
- Resources: *ABC's of Parliamentary Procedures* by Channing Bete; *Board Responsibilities* laminated guide by Bob Harris, CAE; and *The Perfect Board* book by Cal Clemons, CAE.



The Mission Statement

A **MISSION STATEMENT** communicates the organization's reason for existence. Contemporary statements are a single sentence identifying the organization, its primary audience(s) and what it does.

To be exempt from federal income tax, the IRS requires the filing of [Form 1023](#) or [1024](#). The form calls for an explanation of the exempt purpose. The exempt purpose translates into the organization's operational mission statement. Recent revisions to Form 990, the Annual Return for Exempt Organizations, emphasizes the purpose statement by requiring disclosure on page one.

In 2008, the IRS issued a [Good Governance Practices](#) paper with six recommendations for 501(c)(3) organizations. One can surmise that the recommended practices would eventually apply to all exempt organizations.

The document reads, *“The Internal Revenue Service encourages charities to establish and review regularly the organization’s mission. A clearly articulated mission, adopted by the board of directors, serves to explain and popularize the charity’s purpose and guide its work. It also addresses why the charity exists, what it hopes to accomplish, and what activities it will undertake, where, and for whom.”*

Mission Drift

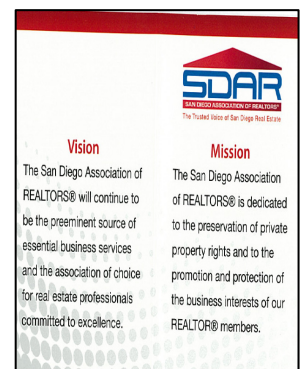
When an organization loses focus – it might be called “mission drift.” The leadership and/or staff forget the purpose and wander into activities outside its exempt purpose.

Generating a stream of revenue from programs significantly outside the mission statement could result in the payment of Unrelated Business Income Tax. Common triggers for UBIT include advertising, rental or royalty income.

Avoid mission drift by continuously highlighting the mission statement.

Here are some ways to promote the mission --- disarming the adage, “Out of sight, out of mind.”

- Printed on the back of name table tent cards.
- On the back of staff business cards.
- At the bottom or reverse side of meeting agendas.
- Framed on the conference room wall.
- Imprinted on coffee cups.
- On the back of conference name badges.
- In every newsletter.



- On the cover of the leadership manual.

Missing Mission

If the organization has “lost” its mission, finding it should be a priority. Start by reading IRS Form 1023 or 1024, the Application for Exemption.

If that is missing, review the most recent IRS Form 990³ to determine what was submitted as the statement of purpose. Then check the preamble of the articles of incorporation, and the purpose in the bylaws.

Mission, Vision and Values Statements

While the mission is the most important statement in the organization, it can be supplemented with vision and values statements. The organization’s image or brand is composed of the mission, vision and/or values statements.

Mission Statement

The mission should identify the organization, who it serves and what it offers. Contemporary statements are often just one sentence; have a public relations value; and can easily be articulated.

A paragraph starting with the association history is probably not the mission statement. For instance, “We were founded in 1952 and have 750 members. Our office is located on Main Street.”

A good statement might read, “The mission of the [ABC] association is to serve licensed professionals by advancing and protecting the practice through advocacy, education and standards.”

A shorter example reads, “[ABC] - Ensuring the success of our members.”

The mission statement should be timeless. It may be analyzed and amended at the strategic planning retreat held every few years.

Vision Statement

A vision should be inspirational and future oriented – the organization’s aspiration. Consider what success would look like if the mission and goals were achieved.

³ Public records for 501(c) organizations include Form 1024 or 1023, Form 990 for up to three years, and the IRS Letter of Designation.

For instance, a vision might read: “The association shall be the preeminent resource to the profession and a significant value to the consumer.” A medical association vision might read, “Improving the health of our state's citizens.”

Values Statement

Since the failure of some large corporations in recent years, the media and government have posed the question, “Do boards have values?”

Values are the guiding principles for the leadership and staff. Though a values statement is optional, adopting and promoting values ensures that future leaders remain true to the principles when making decisions and taking action.

Values may identify a key word followed by a description, for example:

“Diversity – The organization respects and promotes diversity and inclusion in the profession, leadership and staffing.”

Or appear as a bulleted list:

- Transparency
- Innovation
- Excellence
- Ethics and Integrity
- Environmental Stewardship
- Member Driven
- Compassionate

The Brand Platform

Promote the trio of the mission, vision and values on the homepage of the website, in newsletters, and framed in the office foyer or at the annual meeting. Some organizations print them on cardstock or laminate it and insert it the front pocket of the leadership manual.

The leadership and staff should be able to articulate and advance the mission. The vision and values statements supplement the mission statement. The three make up the organizations brand platform and distinguishes it from other organizations.

###

**2008-2010
Strategic Plan**



“A Tradition of Integrity and Care”

MISSION

The Dallas County Dental Society is the voice of dentistry in the area, committed to promoting high ethical standards and pursuing excellence in advocacy, community service and education.

VISION

Dallas County Dental Society is the united voice of dentists and oral health care in the community.

VALUES

- ★ Driven and Responsive to Members' Needs
- ★ Anticipating Practice Needs With a Future Focus
- ★ Promoting Life-Long Learning
- ★ Inclusive of People, Perspectives and Practices
- ★ Collaboration to Benefit the Community
- ★ Strategically Guided by Integrity and Ethics

Strategic Planning

A **STRATEGIC PLAN** is an important document serving as a roadmap for the organization, volunteers and staff. It communicates the mission and priorities to members and stakeholders.

About every three to five years the board has a responsibility to review and set priorities in the form of goals and strategies. The process for planning is often as important as the outcomes – giving leaders and staff a chance to explore alternatives, set priorities and to envision the organization's future.

Most nonprofit plans have just three to seven goals, organizing fresh strategies under the goals. The plan should be based on the capacity of the organization and does not need to be a wordy, lengthy document. Some of the best plans fit on a single page or even the size of a business card.

If the organization does not have a strategic plan, or it is ready to be updated, organize the process in three phases: *Before*, *During* and *After*. *Before* will require 60 days. *During* may take one or two days. *After* requires about 30 days.



Before

Before the retreat concerns the determination to create and rely on a plan as a roadmap for the organization.

Who should participate? A planning session with too many people bogs down the process; too few people and you miss the diverse input. An ideal number at the table is about 20 persons --- a manageable group, allowing input by everyone. If your board is small, consider inviting other stakeholders such as chapter representatives, key committee chairs, younger members and senior staff members. One of the traps of planning is to exclude the staff that can offer valuable information and can benefit from the discussions.

Where to do the planning? Interruptions are planning distractions. Find a relaxed setting away from familiar offices. Just the act of driving an hour away and being in a new environment is a catalyst for good planning.

How long should it take? Most plans are conducted in a day or two. It is ideal to begin one day, take a relaxing break that night, and return to finish it the next morning. Three-day retreats ask a lot of busy leaders. More often, organizations are asking if planning can be done in a few hours. The shorter the planning time, the less attention to action steps and metrics.

Should we use a facilitator? It is unfair for an executive director to serve as facilitator. Their input is too valuable to be leading process; and some biases may arise as to why goals were selected or eliminated by staff. An outside facilitator gives staff an opportunity to participate. Fees charged by facilitator might range from free (colleagues helping colleagues) to \$20,000 or

more. There may be no proven correlation between the price of planning and the quality of the plan!

How much brainstorming and game playing? Planning is often characterized by the activity of brainstorming. Before spending hours on brainstorming, make sure everyone understands the *capacity* of the organization. For instance, there is little value to brainstorming about hiring a team of in-house membership sales persons when the organization has no money and the office has no space for new staff. The facilitator should help the board understand the capacity of the organization (reserves, workforce, accountability, etc.) before encouraging creative ideas.

Many boards are uncomfortable with group hugs, game playing and learning about planning academic theories. They are eager to focus on planning in their limited time. The scenario of a facilitator warming up the board by “playing games” can be avoided or re-directed if fact is discussed up front.

During

Phase two – during - refers to on-site activities at the actual retreat.

What about room set up? Essentials include flip charts, masking tape and wide markers. Room set up is most effective as a hollow square, open U-shape or crescent rounds. Everyone should be comfortable, able to see the flipchart, and feel equal in stature. Add extra seating for participants who want to stand up, stretch or move about the room. Bowls of chocolates ensure everyone has sugar and caffeine to last through the afternoon!

Isn't planning terminology unique? Most volunteers have been involved in strategic planning in their firm or with another organization. Each process varies. Thus, an understanding of terminology is essential. For example, it's difficult to affirm a mission statement if participants don't know the difference in mission, vision and value statements. Explaining that goals are synonymous with objectives, and might be called priorities or aims, is important so that two hours into planning someone does not say, “I'm confused, are we discussing goals or objectives?”

How many goals are realistic? Sometimes the longer the planning retreat, the more work thrown into the plan. The average number of goals in an organization's plan is six or seven. Fewer goals allow for better focus and allocation of resources.

How long should the plan cover? A discussion with the board chair and participants will determine plan duration. In a changing economy and environment it is difficult to plan beyond three to five years. Less than three years is an action or business plan. Review the plan annually to assess progress.

How do we achieve the goals? The goals must fit within the mission statement. Within each goal will be strategies to advance the goals. Be sure the strategies don't all get assigned as first-year priorities --- the plan spans several years and work should be spread accordingly. Little is more disheartening to staff than to see a plan that dumps everything into the first year. If some good goals are suggested but just don't fit inside the duration of the plan, consider “Parking” them

so that the next planning retreat can review recommended goals that were not included in the current plan.

What about action steps and accountability? Longer retreats allow more discussion of action steps. These are the identification of quantifiable measurements and the delegation of the work. Some boards like to tackle action steps while others feel it borders on micromanagement and can be best handled by staff. If the plan does not include action steps, deadlines, and committee assignments, then staff should draft an action or business plan for the year --- based on the strategic plan.

What's the final report look like? Planning can result in a 40 to 100-page document. Consider that the staff and leadership have to read and use the plan, so shorter may be better. There is minimal value in long reports that include every discussion, survey results, sample questionnaires, brainstorming dialogs, etc. --- they distract from the actual plan. To create the report you want, envision how leaders and staff will it. The mission, vision, values, goals, strategies and action steps can be formatted in 7 to 20 pages, making it easy to read and use. When hiring a facilitator, ask to see samples and discuss the final plan format that suits your needs.

After

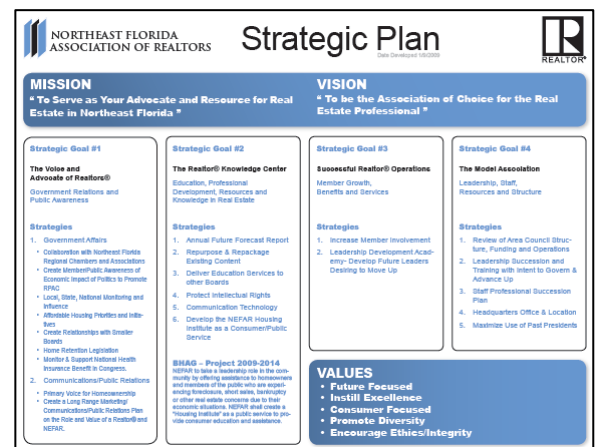
The final phase – after the retreat – concerns what will happen to the plan immediately after the retreat. .

Do we adopt the plan? When the retreat is over, transcribe the notes and flipchart pages into a dynamic document. It has public relations value so keep it upbeat and celebrate the results and participants. Within 30 days, circulate it to participants and key stakeholders for review. Officially adopt the plan at the next meeting of the board.

Does the plan get publicized? At this point, 98 percent of the process is done. One last step is to market the new plan. Create a newsletter article, information for the website, a press release or brochure that describes the new goals. One way to make sure the plan gets accomplished is to tell others about the goals, programs and services they can anticipate from the organization.

How do we keep the plan alive? Many organizations put the plan in a notebook and slide it on the shelf to collect dust. Appoint a plan champion who will monitor and report on progress or setbacks. To be sure the plan is discussed at board meetings include an agenda item, “Strategic Plan Update.”

Does the plan affect the budget? The plan is not independent of other operations. It will have an impact on the budget, committees and marketing. Integrate the new goals and strategies into existing programs and operations.



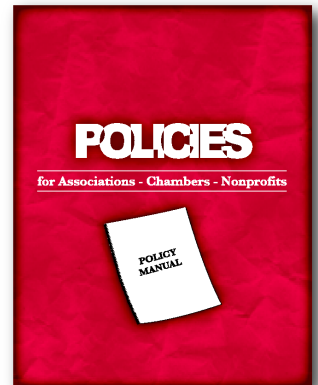
Policy Development

POLICIES are the wisdom of the board in documenting preferred practices for current and future governance decisions. They help to interpret the governing documents.

The bylaws and articles of incorporation should remain broad in scope; the policies interpret and define the specifics for governing the organization.

The board of directors must approve policies. Thus, all policies begin as motions and are recorded in the board meeting minutes. Eventually they are transcribed from the meeting minutes to a policy manual.

- Policies have minimal value if they board (and staff) have not familiarized themselves with their existences.
- As issues arise the board considers if existing policies are adequate, need amending or if a new policy should be adopted.
- Policies may not conflict with the governing documents.
- Use legal and accounting counsel for policy development, as well as a search of similar organization policies.
- Policies are approved by a motion of the board. In archiving policies, it is wise to reference the date of the meeting in which the policy was adopted.
- When policy manuals become burdensome with too many policies, consider the *sunset process* when a task force recommends changes or elimination and changes.
- Most policies result in the staff driven procedures (not to be confused with the policy itself.) Thus a policy on board reimbursement might result in procedures on submission, a standardized form, and deadlines, for example.
- Common policies include:
 - Investments
 - Public documents
 - Check signing and credit cards
 - Guests attending meetings
 - Logo usage
 - Financial audits
 - Alcohol
 - Conflicts of interest
 - Whistle blower
 - Communication protocols
 - Document retention
 - Confidentiality



Focus on What Matters

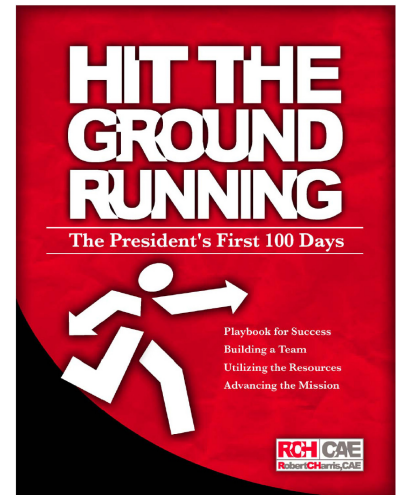
FOCUS ON WHAT MATTERS includes the advice to incoming presidents by Joel Singer, Executive VP of the California Association of REALTORS®.

The phrase should be the mantra for every president, regularly asking, "Does this activity or discussion *matter* to the big picture of governing the organization?"

Distractions will occur during every president's term. They come in the form of verbose board members clamoring for attention, or a poorly defined project taking on a life of its own. Use this advice to *focus on what matters*.

Preparation for the Presidency

1. **Read Governing Documents** - The authority of the president comes from the governing documents. Read the articles of incorporation, bylaws and policies to understand expectations and limitations. To ignore or misunderstand governing documents leaves a president at a disadvantage among directors who have studied them.
2. **Build the Team** - Get to know the executive officers, directors and staff. Ask them to help advance a plan of action. When a director gets out of hand, the team will help correct the situation.
3. **Realistic Outcomes** – Trying to do too much leads to failure. Identify projects that can be accomplished and fit within the mission and strategic plan. Write the *inaugural* president's message by communicating the successes members can expect. Write the final president's message by summarizing how these goals were achieved.
4. **Rely on the Mission** - A mission statement frames the purpose for the organization's existence. All activities and discussions should fit within the mission statement. Promote its awareness by keeping it at the bottom of agendas, the wall of a conference room, or read aloud at the start of meetings.
5. **Follow the Plan** - The strategic plan is an organizational roadmap, developed through consensus of the board. The plan identifies what matters --- serving as a primary guide for the president.
6. **Envision Success** - Avoid short-term thinking (month to month) in favor of envisioning what success will look like at the end of the year. With the end in mind, stay focused on what matters and pay less attention to distractions.



Performance as President

7. **Understand Rules of Order** - Rely on meeting protocols to maintain order. Knowing the basics of parliamentary procedure gives the president the advantage with outspoken board members.
8. **Reign in Verbose Directors** - Some directors will offer ideas with gusto, ignoring what's on the meeting agenda. Be firm with directors by suggesting, "That is an idea we can consider but its not on today's agenda, let's discuss it after this meeting."
9. **Craft Agendas** - It is an art and science to draft an effective meeting agenda. From convening the meeting to adjournment, it should advance the board in achieving results. The president who crafts a good agenda (not leaving it up to staff) will be better prepared for the meeting.
10. **Consider the Board Table** – The president's seat at the table should be positioned to see and hear everyone. Don't give up the prime position or ignore boardroom set up. It is best to have the executive officers sitting to the right and left of the president, with the executive director close at hand to serve as a resource.
11. **Manage Committees** – Committees work for the board. If they initiate projects on there own (without the direction of the president) they become distractions. Manage committees by ensuring that they have a statement of purpose and current year assignments. Create lines of communication with committees --- and avoid the temptation to do committee work at the board table.
12. **Ban Micromanagement** - The president's role is governance; the executive director's role is management. Micromanagement occurs if the board quits being visionary and starts focusing on minutiae and administrative tasks. If it helps to keep the board focused on what matters, get a gavel and a sign, "We're in the Weeds!"



Avoid being side tracked. ***Focus on what matters*** to advance the organization's mission and goals.

#

Writing a President's Message

A **PRESIDENT'S MESSAGE** is the communication of key information to members and stakeholders --- a dialog between the chief elected officer and members on a consistent basis.

Take a comprehensive approach to planning a full year of columns at the start of the term. The column should represent the efforts of the team of leaders --- sharing credit. Do not view it as the president's platform for the year or the purpose of defining a personal legacy.

Write about goals, progress and successes. The first message of the year should describe what members can expect (set 2 to 3 goals during the term) while the final message should celebrate those accomplishments.

- The president's photo puts a face with a name and position; use a *professional* image.
- An interesting title introduces the topic to readers; subtitles help transition to 2 or 3 points.
- Determine the desired length; avoid long messages that continue on a 2nd page.
- Write a clear introductory paragraph; followed by several bullets or descriptive paragraphs --- and a summarizing closure.
- Report on major initiatives or successes.
- Agree to allow staff to edit the message for clarity and grammar.
- Submit your message before the deadline.

ANATOMY OF A

President's Message

A **President's Message** is the communication of key information to members and stakeholders --- a dialog between the chief elected officer and members on a consistent basis.

Take a comprehensive approach to planning a full year of columns at the start of the term. The column should represent the efforts of the leadership, sharing credit and respecting protocols. The column should not be viewed as "my message."

Write about goals, progress and successes. The first message of the year should describe what members can expect (set 2 to 3 goals during the term) while the final message should celebrate those accomplishments.

The president's photo puts a face with a name and position; use a professional image.

An interesting title introduces the topic to readers; subtitles help transition to 2 or 3 points.

Allow staff to edit the message for clarity and grammar.

Determine the desired length; avoid messages that continue on a 2nd page.

Adopt a consistent format that relies on a clear introductory paragraph; followed by several bullets or descriptive paragraphs --- and a summarizing closure.

Sign the message to personalize for readers

President's Message
Success at the Capitol!

President Bob Harris

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Quisque in tellus et ipsum consequat euismod. Nullam libero eros, bibendum vitae a, semper et tempus adipiscing, quam. Praesent id interdum lectus. Aliquam erat volutpat. In leo. Nam, mattis ante nec, nisl. Curabitur interdum. Nam neque. Donec. vehicula tortor. Fusce. Nam. Sed massa sapien, convello in, pulvinar a, consequat et massa. Nam, pede. Nam, vestibulum blandit porta. Phasellus. laoreet diam nec dolor. Phasellus in, dui. In hac habitasse platea dictumst. Curabitur id porta. Nam dictum, massa at varius aliquam, massa leo ornare lorem, gravida agestas enim eros in, enim. Suspendisse potenti.

Capitol Hill
Vestibulum exegit lorem. Maecenas ut elit. Aliquam felis lectus, ornare in, aliquam eget, agestas sit amet libero. Integer molestie dui at neque. Morbi nulla lorem, venenatis quis, tristique vitae, sollicitudin eget justo. Aenean dictum. Maecenas nec tellus eget turpis. Fusellat dignissim. Lorem ipsum dolor sit amet, consetetur adipiscing elit. Nullam a ipsum. Donec, sapien ante, imperdiet sed, placerat vel, adipiscing id libero. Duis auctor. Proin nec, mauris. Cras commodo interdum ipsum. Sed tristique. Duis malesuada erat non nisl.

Membership Engaged
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Bright Future
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Bob Harris

#

Measuring Performance

Few businesses would open their doors each day without having ways to **MEASURE PERFORMANCE**. Measures might include gross sales, inventory turn-over, new customers, walk in traffic, successful sales calls, etc.

Performance measures benefit nonprofit governance and management, too. There are many areas that performance can be measured. The elected president, executive director and board should decide what should be measured and how it can be reported.

Some organizations set up their performance reporting as a dashboard. Directors are able to monitor (practically in real-time) achievements and gaps.

Consider these performance measures in nonprofit organizations – ranging from the most simple to more complex.

Revenue and Expenses – Are project budget line items being met in a timely manner during the fiscal year?

Financial Audit – An outside independent financial expert reviewing financial standing and the integrity of systems.

Strategic Plan – Monitoring of the strategic plan goals and strategies to measure progress in the organization.

Executive Director – A periodic confidential evaluation of the chief staff officer in the areas of proficiency necessary for nonprofit organization management.

Board of Directors – A confidential annual discussion of the volunteer leaders' comfort in understanding and carrying out their duties.

Membership – Measuring the market share (existing to potential members) and retention rates.

Operating Ratios – Comparing the budget against standardized operating ratios from similar organizations.

Committees – A periodic review of committees to maintain, merge or eliminate; alignment of committees with the strategic goals. Committee liaisons should report on effectiveness of committee meetings and suggest ways to improve outcomes.

Savings Reserve – Ratio of savings compared to the annual operating budget.

BOARD EVALUATION					
Board evaluation is an approach to improving governance -- with the intent to maintain a high performing board. The chief elected officer (not staff) leads the process. Input will be treated with confidence.					
Indicate your understanding of and offer recommendations for these governance aspects.	Very Confident	Somewhat Confident	Somewhat Uncomfortable	Very Uncomfortable	Not Sure / N/A
Mission and Strategic Direction					
1. Board efforts advance the mission, vision, values and goals.					
2. The strategic plan portrays an image of the organization in 3, 5 or 10 years.					
3. Meetings and agendas are organized to achieve the mission and goals (and avoid operating matters.)					
Comments:					
Governing Documents					
4. Board understands and upholds all governing documents.					
5. Policies are adopted and followed to guide current and future leaders.					
Comments:					
Leadership, Succession and Transparency					
6. Board selection process is transparent and ensures leadership succession.					
7. Board orientation and self-assessment is sufficient.					
8. New ideas and people are respected.					
Comments:					
Budgeting, Finances and Infrastructure					
9. Board adopts annual budget and is engaged in monitoring finances.					
10. Resources/savings and investment strategies are appropriate.					
11. Financial reports are clear, accurate and timely.					
12. Annual audit and auditor's recommendations are reviewed.					

Executive Sessions

Some boards believe that **EXECUTIVE SESSIONS** are a way to hold discussions without staff present and without liability for discussions. Generally the meeting is closed to staff and guests.

The practice can lead to trouble. There are several reasons to discourage closed-door meetings:

- Most executive sessions have *no agenda*. Discussions wander and may enter areas to which volunteer leaders should not be involved, such as staff salaries or prices fixing.
- Seldom are minutes kept. If troubles arise for the organization, the participants of the closed-door meeting have no proof as to what was said or not said. All association meetings deserve good minutes.
- Executive sessions can damage the relationship between board and staff. The natural assumption is that staff are being excluded for some reason --- possibly facing criticism. They have no opportunity to respond, resulting in misunderstandings or suspicion.
- Some executive sessions turn into gripe sessions. The board chair that invites leaders to throw anything on the table is opening Pandora's Box. Rather than bringing closure to issues, new problems arise.
- Closed door sessions breed rumors. With no one to provide accurate rebuttals and facts --- bad information is passed on as fact because the leaders mentioned it.
- Some directors may call an executive session as a way to promote their personal agenda behind closed doors. An open door meeting insures that personal agendas take a backseat.

Policy on Executive Sessions

If closed-door sessions are held, consider having a policy to be sure that volunteers know what will be discussed; and take responsibility for recording minutes and reporting the outcomes.

The intent of the policy is to focus the discussion on specific topics and to discourage rambling debate on other issues. Further, it suggests that any actions must be reported out to the official minutes of the board of directors. Here is a policy sample:

“Prior to calling an executive session a motion must be passed by the board of directors to identify the specific topics to be discussed. Those topics shall frame and limit the discussion. After the meeting, actions of the executive session shall be reported to the board of directors for inclusion in the official meeting minutes of the current or next board meeting, summarizing what was discussed and any decisions made in the executive session.”

#

Transparency

The concept for **TRANSPARENCY** and openness is popular in government and appointed boards to promote awareness. In private associations, chambers and other nonprofits, many boards of directors have followed the example.

Transparency should remove perceptions of secrecy and closed door sessions. To communicate the guiding principle of transparency, many organizations have adopted it as a value for the board and staff.

Yet is it important not to confuse transparency with the disclosure of confidential information. The intent is to be responsive (or pro-active) when information is requested in the appropriate settings and when it is relevant. It should not be interpreted as a standard for disclosing every document or holding open door meetings.

In addition to adopting a value or guiding principle expressing transparency, some organizations have developed a policy statement.



Policy Sample

The Board of Directors desires to conduct business in an atmosphere that is open and transparent with the goal of promoting trust and understanding. Unless there are compelling reasons to the contrary⁴, the organization is responsive to members and the public who request relevant information affecting them and actions of the Board in a timely fashion.

The organization realizes that it requires resources (staff time, copies, summaries, for example) to assure that this policy is achieved.

Recognizing that transparency requires ongoing efforts, the organization will work to identify new means to communicate effectively with the membership (i.e. executive summaries, access through technology.)

To promote transparency, the organization will:

1. Share on a timely basis with the membership and appropriate persons:

- Discussion and decisions made in board meetings that are not executive sessions, as recorded in meeting minutes.
- Public records as set by law.

⁴ Personnel and salary information, member grievances, or confidential contracts, for instance.

- The financial position of the organization as reported and/or certified by an independent auditor.
 - Board approved policies and positions.
 - Information on organizational structure.
 - Other information as may be determined to be of importance to members and stakeholders.
2. Encourage participation of members in leadership activities and solicit their input to benefit the board's decision-making process.
 3. Balance the intent for openness --- with sensitivity to privacy, confidentiality, and the need for free and frank discussion at the board table.

Credit: The sample policy on transparency and openness was provided by the CFA Institute. Adapted with permission.

http://www.cfainstitute.org/about/governance/Documents/board_openness_and_transparency_policy.pdf

Authority to Represent the Organization

Officers and directors of the board have **AUTHORITY** to perform necessary duties in the management of corporate affairs subject to control by the board of directors. Specific powers are ordinarily granted to the officers through the bylaws or by resolution, describing the way the corporation is to be operated and managed. Ordinarily, the bylaws will set out the duties of the president and other officers.

Nevertheless, under certain circumstances, acts performed by officers may bind an organization even in the absence of express authority.

The Supreme Court established the principle of “apparent authority” in the 1982 *Hydrolevel* case. The court said association volunteers or staff could bind an association to antitrust liability based on their actions or assertions, *even if those assertions are not authorized by the association and do not benefit the organization.*

Actual Authority

Actual authority is the authority a reasonable person in the officer’s position would ordinarily believe and expect to have been conferred upon him/her by the corporation.

Actual authority may be expressly granted to officers in the bylaws, by resolutions of the board or by agreement by the board to similar actions in the past. Associated with actual authority is implied authority; the authority to do acts that are necessary and incidental to the exercise of authority expressly granted.

Apparent Authority

Apparent authority is the authority that third parties reasonably believe an officer can exercise even though it may not have been actually granted. It arises where the corporation knowingly permits the officer to exercise an authority or represents, knowingly or negligently, that the officer has such authority. Acts committed with apparent authority are ordinarily binding on the corporation. Apparent authority may arise by virtue of the nature of the office held by the officer- e.g., the president of the corporation would generally have the power to hire an executive secretary.

The authority of an agent as it appears to others, regardless of any limit to the agent's authority agreed between principal and agent; to be distinguished from actual authority. Also known as ‘ostensible authority’.

Authority of the Executive Director

The organization’s executive director handles the day-to-day operations of the business. The elected chairman and board, through authority of the bylaws, delegate management to staff. In almost every state, the executive has the power to bind the corporation. These include transactions that arise in the ‘usual and ordinary course of business’ - normal operations constituting the regular business of the corporation, but not in extraordinary transactions (e.g., sale of all or most of the corporate assets, mergers, dissolution, etc.).

Authority of Executive Officers

In general, the vice-chair acts in the absence of the chairman, but may be assigned special duties and responsibilities. The treasurer is ordinarily responsible for the financial records of the corporation and handles corporate funds. The secretary is in charge of corporate books and records (minutes, resolutions, etc.) and may be charged with issuing and transferring stock.

Policy on Apparent Authority

This policy statement provides guidance concerning who is authorized to make public statements on behalf of or as a representative of the association and the manner in which such public statements should be handled. It also provides guidance as to the distribution of documents or other information from the association by the board.

It shall be the policy of the association any communications on behalf of the association shall be official, at the direction of the chairman, board or staff. No statements shall be made, either verbal or written that conflict with the position or policy of the association. Leadership should understand that by virtue of their position, that any statements may be perceived as official and made on behalf of the organization. To control official communications, stationary and business cards shall be for the use of the elected chairman and staff *only*. Members of the board, committees or chapters may not use stationary. Staff will prepare letters sent on behalf of the organization with a copy remaining in the office. Exceptions may be made to the policy so long as the purpose of the letter is made known and approved by the board in advance; if the exception is approved, a copy of the outgoing letter shall be provided to staff within 24 hours of dissemination, for permanent file retention.

Note: Consult legal counsel prior to adopting policy. Sample provided for illustrative purposes only.

100+ Tips for the Board President

“Don’t take yourself so seriously”...and other nuggets of presidential advice!

Responsibilities to the Organization

1. *The first three months of your term are the most time consuming.*
2. Two months before you take office is often has the highest dividend for planning your year.
3. The organization⁵ belongs to the members, not to you.
4. Contact a *new* member to serve on an important project, program or committee; you’ll be surprised years later when they recall that you were first person to ask them to take a leadership role.
5. Be able to recite the mission statement – memorize it.
6. Volunteers want to make meaningful contributions – consider yourself as a conduit or facilitator.
7. The president and the executive director work best as equal partners.
8. Serve food at meetings; but avoid too much sugar.
9. Don’t ask the staff to do anything personal for you. They are paid to manage the association – not to manage you.
10. Do away with “tired committees;” establish quick response task forces when they are needed.
11. *You are the elected president; not the king or queen.*
12. When you spend money, always be ready and able to justify that it is in the best interest of the organization.
13. Know the law and the code of ethics – don’t break either.
14. If you write your president’s message in the newsletter – do it with intelligence and good grammar, don’t ask staff to write your message. Consider that it will be in the association’s permanent history.
15. Your term is most likely only 365 days; then **you are history**.
16. Visit the members in person or make personal calls to let them know you’re a good listener and care; invite their participation.
17. Really know the bylaws and policies.
18. One of your roles is to develop future leaders.
19. On the board, you represent the association; *not* yourself or your firm.
20. Reserve a portion of each board meeting for futuristic “thinking.”
21. No one can do this job alone; build your team early in the process.
22. Understand financial statements; insist on an annual audit.
23. Watch what you say at the podium...never hurt anyone with words.



- 24. You'll need to communicate effectively during your term – get the training necessary.
- 25. Let the vice president or president-elect learn as much as possible during your term.

- 26. *Avoid accepting gifts that may create an impropriety – set high standards for your year.*



- 27. Give members a reason to come to and enjoy your meetings.
- 28. Encourage 100% accountability among your volunteer leadership team.
- 29. On average, only 5 to 15 percent of your members/stakeholders care to serve in leadership positions.
- 30. Hold a leadership retreat before your term begins.
- 31. Today's members are innovative and expect their association to be similar.
- 32. Take antitrust concerns seriously. Penalty is jail time and more.
- 33. Understand you are leading a professional organization; not a social club.
- 34. Be up front with your executive director on all issues.
- 35. Respect your executive director, he or she is a true professional.
- 36. Ask your executive director's advice before you do something controversial.
- 37. Defend the board's position as your own, even if you didn't agree with it.
- 38. Remember to consider diversity and inclusivity as you make appointments and build your leadership team.
- 39. Streamline board meetings with well-planned agendas, consent agendas and rules of order.
- 40. Every association has red ants – learn to deal with them.
- 41. Attend at least one meeting of each of your committees; as a show of support – not to run the meeting.
- 42. Study the organizational chart; if you don't have one – create it so that you understand the proper flow of information and hierarchy.
- 43. Remember that many of your board members were told, "You won't have to do anything when you get on the board!"

Desirable Traits and Communications

- 44. Be the leader your members will respect and trust for years to come.
- 45. *Show respect for time. Meetings should start and end as announced.*



- 46. Take your role, but not yourself, seriously.
- 47. Avoid secrets and promote transparency.
- 48. Listen to the whispers and you'll avoid the shouting.
- 49. You can't please everyone but strive to be respected by everyone.
- 50. Don't neglect your family or business. They need to be there and healthy when your term is complete.
- 51. Stay physically fit – stress kills.
- 52. Be flexible. It's not important that you always win.

53. Praise in public; criticize in private or not at all.
54. Contribute to the association's causes and urge others to follow your lead.
55. Be happy...smile a lot.
56. Never say, "We have always done it that way" or "we tried that once before."
57. Don't operate in a vacuum – know the strategic direction and operation of related parent and chapter organizations (including any subsidiaries.)
58. Learn to work with members of different age groups, interests, work settings and cultures --- promote diversity.
59. Desire to be inclusive --- dismantle the "good ole' boys club" image.
60. If you aren't moving forward, you are losing ground; you'll find a year will be over quick.



61. *Never use your position for personal gain.*

62. Never jeopardize anything said to you in confidence.
63. Tell meaningful stories but not stupid jokes; anything inappropriate stated in meetings and e-mail will bite you.
64. Everyone's opinion counts, especially if you are on the opposite side.
65. Mix and mingle with the members before every meeting; avoid head-table-snobbishness.
66. Call on other leaders (past and present) for counsel; you're not in this alone.
67. Admit your mistakes; no one has ever done this job perfectly.
68. Don't be embarrassed to say, "I don't know."
69. Even a blank sheet of paper has two sides; be a good listener to others' input.
70. Consider taking "the road less traveled."
71. Mistakes are the basis for experience.
72. Make a point of introducing yourself often to people of influence; reach out to meet others.
73. Change will happen whether you are ready or not; don't fight it.

74. *Allocate time to read, read and read.*



75. Communicate, communicate, and communicate. And then again.
76. Members don't always read. Sometimes you need to communicate in a different way; plan on communicating your most important messages at least 3 times to be understood.
77. Own up to hurdles that may occur during your term; don't let surprises ruin your term.
78. Be the organization's main cheerleader.
79. Have the courage to admit someone else may have a better idea than you.
80. Attitude is everything.
81. The process of how you do it is often as important as what you do.
82. Don't take criticism personally.
83. If you promise to get back with a member, do it the same day, if possible.
84. Don't procrastinate on the hard decisions. Nobody appreciates a fence-sitter.
85. Give credit often to volunteers, staff, etc.
86. Follow the KISS theory – Keep It Simple (Stupid)

87. There is a better way to do most everything – don't reject new ideas (and technology).
88. Respond promptly to email and telephone calls.
89. Promote the organization by wearing a lapel pin and use the logo appropriately.
90. Don't shrink like a violet when the difficult times come. They, too, will pass.
91. Invite everyone to enter with their opinions, but to expect to leave with a decision.

Outcomes

92. Your job is to advance the existing strategic goals; not to make a to-do list of projects you want to do during your year.

93. *You've heard the adage – "Ask a busy person if you want to get the job done..."*

94. Do fun things frequently during your term – life is short!

95. Remain focused! You'll find it easy to get off track.

96. Put the important items at the top of meeting agendas.

97. Have fun by keeping a journal and taking pictures.

98. Perception is reality.

99. Review your accomplishments every three months and make course adjustments.

100. Membership is voluntary; you want to end your term with more members than when you started.

101. Get the association involved in a project that has societal benefit.

102. Follow through with your promises and hold your leadership team accountable.

103. Celebrate small successes; they will add up by the end of your term.

104. Don't major in minor things. Give each issue only the time it is worth.

105. The road to success always has a few bumps.

106. Consider yourself as the steward of the organization whose outcomes will be remembered for years, decades or longer.

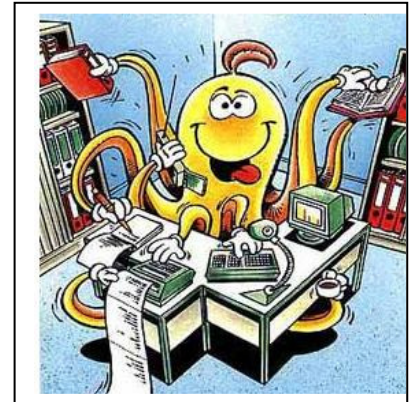
107. Two or three homeruns will be considered a successful year.

108. Don't take your eyes off the goal.

109. If you're not at the table, you're probably on the menu!

110. Don't ask your executive director to interview or employ your family members.

111. Don't be a board member who gets airsick when he thinks at the 50,000' perspective.



Adaptation with permission of Carolyn Gardner, FL Association of Realtors

About the Author

Bob Harris is no stranger to America's nonprofit community. He has taught, consulted or facilitated programs for thousands of associations and chambers of commerce.

He believes the nonprofit organization should be as efficient and effective to any commercial business. Clearly, it requires a working relationship and understanding of roles between the chief elected officer and the chief staff person.

His career started in Washington, DC at Presidential Classroom. In Tallahassee, Florida he built an association management company.

He is on the faculty for the US Chamber of Commerce. He has worked with the US State Dept. of develop associations in the counties of Jordan, Belarus and Japan.

He has authored books on association management. To help associations improve, he created the Association Self-Auditing Process, which has been used by 20,000 organizations.

He has received awards and recognition for association excellence and professional development. He has worked for Hyatt Hotels of Florida since 1984.



For sharing tips and templates, he's been called the Martha Stewart of association management.

His website has hundreds of pages of FREE management tips and templates that he will reference today. (www.nonprofitcenter.com)

Bob's career passions are demonstrated in two principles:

- Promoting the impact of nonprofit organizations.
- Sharing the tools to make associations successful.

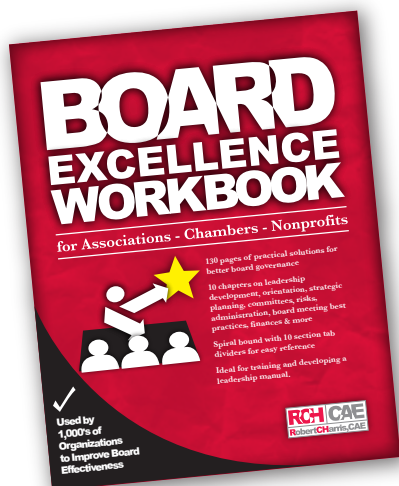
His services include board training, strategic planning, staff training and operating audits. He can be reached at 850 570 6000 or bob@rchcae.com.

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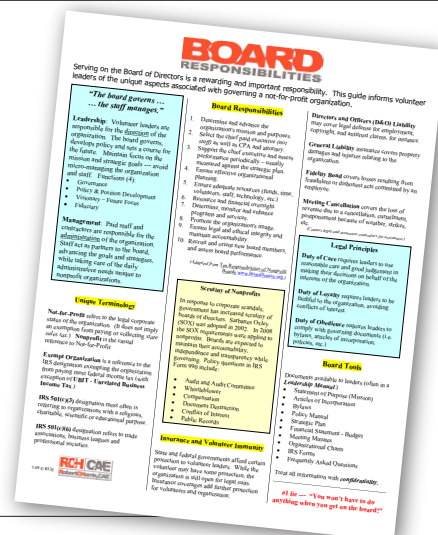
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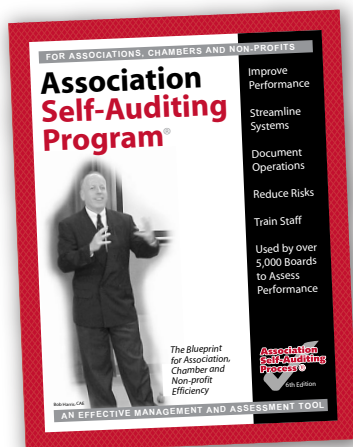
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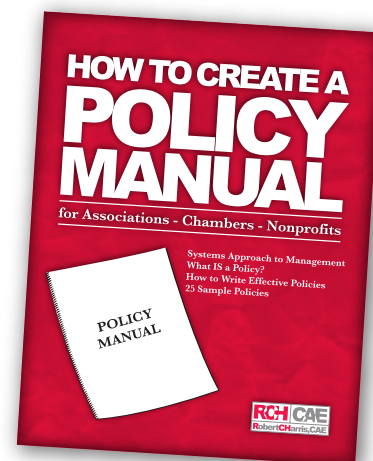


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