

# From Good to Great Governance

Bob Harris, CAE

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Great boards don't just happen – they are developed and nourished. These articles and resources are built upon common challenges of associations and chambers of commerce.

There are varied methods to apply the resources, including use in a leadership manual, discussing at the board table, using as an informative article or adapting to your own needs. (OK to copy, adapt, edit.)

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## Identifying the Board's Values

Bob Harris, CAE

Every board has a set of values whether they know them or not. Some organizations add a list of values to complement their mission and vision statements. The three statements make up the “brand platform.”

From experience I can identify the values by listening to board discussions for a few minutes. They may not be written but they become clear to me.

If values are documented, directors should be familiar with them. They should frame the discussions and decision making.

If the values have not been documented, consider this brief exercise with the leadership.

### Identify Values

Set aside 15 to 20 minutes to ask directors what values they most respect when it comes to governance. They are likely to throw out concepts such as “timely” and “transparency.”

Make a list on a flip chart or pad of all the values they suggest. The intent is not to reach consensus but to build the list and understanding. Let the ideas flow – it will be revealing.

In a meeting with the Leadership Academy at the Georgia Realtors®, the presidents and others made a list of more than a dozen desired values for directors.

**Mission Driven** – Understanding that the purpose is to work as a team to advance the mission statement.

**Accessible** – Members have access to the director.

**Timely** – Demonstrating a respect for time, including starting and ending meetings as scheduled; postpone unneeded meetings.

**Selfless** – Giving of themselves to advance the organization; not focused on personal interests.

**Personal Growth** – A desire for continuous improvement.

**Diversity** – Respect for differences in ideas, people, models and an effort to be inclusive.

**Transparent** – Respect for openness, avoiding a culture of secrecy.

**Integrity** – Desire to comply with all laws and to govern with honor.

**Visionary** – Able to think beyond one's term of office; identifying what's best as the organization and environment transform and evolve.

**Open-Minded** – Impartial in listening to and discussing ideas.

**Structure** – Respect for organizational structure, hierarchy and lines of authority, especially the board – staff partnership.

**Confidentiality** – A board treats discussions and documents with confidentiality.

**Accountable** – Follow through on commitments and deliver value to members.

**Purposeful** – A board that works towards meaningful outcomes.

**Stewardship** – Desire to be a good steward in the organization; a model of excellence.

**Heritage** – Respect for the past and culture of the organization.

**Member-Driven** – Consideration for the members at all times.

### **Prioritize the Values**

After directors have offered what they believe are the primary principles applicable to governance, ask them to prioritize.

Put an asterisk next to each value that resonates with a majority of the board. Most boards are able to narrow down the list to just four or five guiding principles. Keep the final list in front of directors as a reminder of the principles which should frame discussions and decisions.

# # #

Note: Bob Harris, CAE, provides free governance tips and templates at [www.nonprofitcenter.com](http://www.nonprofitcenter.com).

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## Reverse Engineer the President's Year

Bob Harris, CAE

I met an elected president who was eager to lead. He had a lofty presidential agenda to achieve. When I checked in with him a year later, he was frustrated that what he set out to do was not completed as he had hoped.

Every chief elected officer wants to have a successful year. Their ambitions are expressed in installation speeches and inaugural president's messages.

Not all presidential initiatives come to fruition. Factors such as lack of support, unexpected distractions, and too much to do with too little resources will be roadblocks.

One way to approach success is through "Reverse Engineering."

The concept is a process in which a system, product or outcome is analyzed backwards to identify the steps needed for the desired result. It is often applied to manufacturing or software development – but works for associations, too.

Consider this example. The elected president announces, "The association will pass a government regulation to protect the profession." Chances of success are enhanced by analyzing the steps and working backwards.

One way to frame reverse engineering is to use the criteria in the national Baldrige Award. Nearly every US state has a similar quality model promoting organizational excellence.

### Organizational Elements

The Baldrige criteria includes seven elements.



1. **Leadership:** How the board and staff leads the organization and the community.

2. **Strategy:** How the organization develops and implements a strategic plan.

3. **Customers:** How the organization builds and maintains relationships with members. Factors might include satisfaction levels, market share, retention rate, and value for dues investment.
4. **Measurement:** How the organization uses data to support key processes and manage performance. Nearly everything in an association can be measured and reported with dashboards.
5. **Workforce:** How the organization empowers and involves its paid workforce. Factors may include sufficient investment in professional development and longevity of staff.
6. **Operations:** How the association develops, manages and improves processes and procedures. Associations often document activities in manuals, for instance leadership, policies, communications and crisis management manuals.
7. **Results:** Whether the association has significant results, for example, improving safety, reducing unemployment, enhancing the economy or passing the new law the elected president announced.

### **Reverse Engineer the Goal**

In the example of the president intending to pass a regulation to protect the profession, aligning the Baldrige elements will advance success. Here are the steps in reverse order:

**Results** – Even though this is the seventh criteria in Baldrige, start with and describe the vision of success. For example, the outcome for the elected president who announced the goal of passing government regulation to protect the profession. Frame a clear vision in which others can support.

**Operations** – The sixth criteria focuses on operations. Do we have the operations to support it? It may take a letter writing campaign, group visit to the capitol, or development of a white paper.

**Workforce** – The fifth criteria is the workforce needed to support the efforts. Lobbying is often outsourced. Staff involvement is important for a comprehensive approach.

**Measurement** – The fourth criteria is to measure the interim steps while working towards the goal. Metrics may include increasing contacts with lawmakers, measuring public opinion and raising political support.

**Membership** – The third item in Baldrige is member involvement. Engage the membership through grassroots and capitol visits are logical next step.

**Strategy** – The second to last criteria is to develop a strategic plan to carry out the goal. Dealing with government regulation often takes more than a year's work.

**Leadership** – Finally, get the buy-in of leaders. They should agree on a position, rationale and consistent messaging for a unified approach.

“Reverse engineering is an easy process. If one doesn't have the vision for success, it rarely happens,” said Bill Pawlucy, CAE and former Malcolm Baldrige National Examiner.

## Summary

Often goals are announced but fall short. Possibly the elements were not identified and aligned. Perhaps success was not envisioned in the beginning. Use the [Baldrige](#) model to reverse engineer and set a plan for success.

# # #

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**Fiduciary Principles**

- **Duty of Care**
  - Good business judgment at all times.
  - Due diligence in decision making.
  - Ask the right questions.
- **Duty of Loyalty**
  - Act in best interest of organization and membership.
  - Avoid conflicts of interest and personal interests.
- **Duty of Obedience**
  - Faithful to the mission and goals
  - Follow the governing documents

**Purpose of Governance (Board)**

All corporations have a board of directors. Its primary purpose includes:

- Governance of the organization (*not management*.)
- Set a strategic direction (*strategic plan*.)
- Set policies and positions.
- Protect assets.
- Represent stakeholder/member interests.
- Fiduciary responsibilities.

**Purpose of Management (Staff)**

- Execute the decisions of the Board.
- Support volunteer efforts.
- Administer daily details.
- Monitor and report on progress.
- Manage organizational affairs, personnel and property.
- Official filings as necessary.

**Board Responsibilities**

**Purpose of a Corporate Board**

- Establish long-term strategic plan (3-5 years) and shorter term priorities to achieve.
- Determine association policy and positions.
- Monitor resources through budget process.
- Ensure progress.
- Promote the organization (as authorized).
- Relationship with executive director, attorney and CPA

**Expectations of Board Members**

- Attend all board meetings.
- Start and end meetings on time.
- Study and understand the mission statement, bylaws, and strategic plan.
- Prepare by reviewing the agenda and supporting documents.
- Stick to established agendas.
- Treat information and discussions as "confidential."
- Be respectful of people and ideas.

**Roster of the Board**

**Financial Oversight**

- Protect all assets.
- Development and approval of annual budget.
- Review and "acceptance" of financial reports.
- Safeguards and an audit process in place.
- Review of IRS Form 990 prior to submission

**Recruiting Leaders**

- Identify and develop future leaders.
- Ask prospective leaders to serve or observe.
- Nominating, or Leadership Development Committee, plays a key role, as does every board member.
- Provide education for future and evolving leaders.
- Create the ideal leadership experience.

Access the free board orientation PowerPoint at [www.nonprofitcnet.com](http://www.nonprofitcnet.com)

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## **Keep Board Meetings Focused**

Bob Harris, CAE

Many factors detract from good board meetings. They range from a poor setup to an ill-designed agenda. Some executives have described their board as having ADHD - attention-deficit/hyperactivity disorder.

Association and chamber executives attending the US Chamber Foundation's Institute for Organization Management offered suggestions how to keep the board focused.

**Consent Agenda** – Distribute reports in advance of the meeting with the agenda notice. If directors prepare by reading the reports in advance (it is their fiduciary duty of care), then a motion can be made to “Accept the reports as provided.” Controversial items in reports can be moved to the regular business if needed. Using a consent agenda provides more time for priority issues.

**Respect Time** – Everyone's time is a valuable. Demonstrate respect for time by ensuring that meetings are called for good reason --- postpone if there is no reason to convene. If an important issue arises between meetings use on-line meetings or delegate authority to an executive committee. Start and end meetings on time.

**Board Development** – Plan an annual orientation for the board. Design it as a “refresh and blend” to update directors on priorities and budget while giving new directors a chance to blend into the governance team.

**Set Ground Rules** – Agree upon general ground rules for the board. These might include insisting on accountability for commitments, professionalism in association dealings, confidentiality, respect amongst volunteers and staff, timely responses, and acting as a role model.

**We are in the Weeds** – Conversations may drop from the level of governance to tactics. Directors and staff should recognize the descent in conversations by posing, “Is this governance or are we doing committee work?”

**Craft the Agenda** – Design a meeting agenda to achieve results. If reports and updates dominate, move them to the “consent agenda” to make room for meaningful discussions. Have a process for adding items in advance of meetings. Eliminate the usual call for “new business” at the end of the meeting.

**Timed Agenda** – Add time markers to the agenda. For instance, financial report – ten minutes; legislative action – 30 minutes. Time indicators should frame the length and depth of discussions.

**Leadership Development** – Provide training to directors so they understand their responsibilities. Ask them to sign a commitment form acknowledging they will work to advance the mission and goals, serve the members and read the governing documents, for example.

**Room Setup** – The room, board table and seating make an impact. An open-U with the chief elected officer at the closed end of the table works best. Be sure there is access to adjust the room temperature and enough space for food and beverage. Consider whether providing a meal is a distraction due to waiter service, a buffet line or eating.

**Digital or Paper** – Directors are transitioning from printed notebooks and paper to displaying reports on their tablets. Project reports on a central screen to keep directors focused on the discussion.

**Mission Focused** – The mission statement should be familiar to the board. Keep it on the agenda and post it on the meeting room wall. Start meetings with a mission-moment, reminding directors how the work of the association has had significant impact. A frequent refrain might be, “Does this discussion advance our mission?”

**Call-Ins** – Meetings require a quorum. Instead of in-person attendance, calling in may be convenient but callers can be a distraction with background noises or dropping off the call. Set protocols for directors on the phone and promote in-person attendance to maximize understanding and engagement.

**Guest Attendance** – Some guests are included because they are identified in the bylaws, often called ex-officio members. Other guests are drop-ins wondering what the board is doing. Guests can be a distraction and change the dynamics of board discussion.

**Minute Taking** – Don’t let the board secretary try to record every statement made. In most cases the advice is “brief is better.” Follow a template rather than making the minutes look like a newsletter with interesting details. Ask legal counsel whether or not they suggest recording the names of the motion maker and seconder.

**Rely on the Roadmap** – The strategic plan is the roadmap. Keep it on the board table. If new projects are suggested, check them against the plan to see if adjustments must be made.

**Assessment** – Take a few minutes before adjournment to ask directors if they think the meeting was effective and how it can be improved. Directors might suggest less paper, shorter or fewer meetings, changes in room set up and location, time of day, etc.

A board should not act as if it has attention deficit, hyper activity disorder, ADHD. Discuss ways to improve focus and reduce distractions.

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## STRATEGIC PLANNING

Organizations with a good strategic plan are more successful. The plan provides a roadmap for leadership and staff. They work as a team to achieve consistent goals over several years. The *Strategic Planning* guide describes the preparations for planning, developing the plan, and implementation.

### Why Have a Strategic Plan

- Roadmap** – The plan identifies the “destination” and guides the board of directors, committees and staff.
- Continuity/Sustainability** – Without a plan the organization is susceptible to mission drift and simply being reactionary.
- Prioritization** – Planning allows leaders to identify the important issues and programs; and to drop programs that are ineffective or irrelevant.
- Allocation of Resources** - Planning is the disciplined allocation of resources (time and money).
- Assignment and Timelines** – Good plans include performance measures and assignments indicating how and when projects will be done.
- Awareness** – The plan should be compelling to members and stakeholders.

### Terminology of Planning

Understanding of and consistent use of terminology is important to guide discussions.

**Mission** – The purpose for existence; crisp sentence or two – easy to articulate.

**Vision** – Statement of aspiration; how the organization will be perceived.

**Values** – Guiding principles of the leadership and staff.

**Goals** – The core competencies to which resources will be allocated. In setting goals, consider the acronym SMART - Specific, Measurable, Attainable, Relevant and Timely.

**Strategies** – Approaches and programs for achieving the mission and goals.

**Tactics** – Assignments, accountability and deadlines.

**Performance Measures** – Methods to measure progress.

**Business Plan** – An annual detailed program of work linked to the strategic plan.

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### Trends in Planning

- Set just 3 to 7 goals; allowing the organization to focus efforts on its core competencies.
- A mission statement that is visionary can replace the need for separate mission and

vision statements.

- Promote the plan to members and prospects by converting it to a brochure or posting on the website.
- Report on the plan’s progress by reviewing at board meetings and at least annually.

**Span of the Plan**  
3- 5 Years

Most plans span three years. Planning annually tends to cause short-term thinking. Plans exceeding 5 years may be unrealistic in rapidly evolving environments.

**Planning Retreat**

With preparation, focus and the right set up a strategic plan can be developed in a day or two. Because discussions will be intense, it is best to do the plan over two consecutive days --- giving everyone a relaxing break after the first day.

The room should be set up in an open-U, with a flip chart at the front. Ensure that seating is comfortable, and food and amenities are nearby. Natural light is preferred to a room without windows.

**Brand Statements**

The mission, as well as vision and values, serve as a “promise” to the community. The statements

Access the free two-page guide to strategic planning at [www.nonprofitcnet.com](http://www.nonprofitcnet.com)

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## **What We Call the Association Staff**

Bob Harris, CAE and Ellen Miller

Ever sat in a board meeting and heard the various ways the board of directors refers to the association staff? Some phrases seem demeaning:

“Headquarters will finish the job.”

“We have a secretary for that.”

“The management group does that for us.”

I’ve heard all variations tossed on the board table. Sometimes I sense the board of directors feels superior to the staff, doesn’t understand the relationship, or dismisses the respect they have earned.

Whether it is a staff of one or a team, they have the unique skills and the education to manage a not-for-profit, exempt organization. Staff are integral to the success of an organization. Many are experts in governance, event planning, membership service and marketing.

Demeaning comments by a board of directors percolate to the staff. They are quick to sense disrespect.

### **Titles Have Evolved**

As associations have established themselves and become essential to their communities references to staff have changed. Long ago many associations were considered clubs and the administrator was the “club secretary.” They were seldom invited into the board meeting.

As associations grew in stature the club secretary became the “executive secretary.” Through the years the title transitioned to “executive director” and “executive vice president.”

Today’s boards realize an executive is integral to success. The executive director is charged with managing the association in accordance with the direction of the board of directors. They should be respected by internal and external audiences as a spokesperson for the organization.

To elevate the stature of chief staffer, boards have assigned the title of president/or CEO and some have added CEO after the title of executive director to make the position akin to the for-profit community. These boards know that the executive is the institutional knowledge and should have the responsibility of CEO and president. In this case the chief *elected* officer holds the title of chairman of the board (most frequently used in chambers of commerce.)

### **Board Staff Partnership**

It takes a partnership to advance the mission and goals. Working together the board and staff produce results for the community they represent.

The board's role is to govern. They make governance decisions that represent membership interests, as prescribe by corporate law.

If the board will set the destination then the staff will work to implement the most efficient ways to reach that destination. A board develops a strategic plan so committees and staff can advance the plan.

The role of the staff is to manage. They best know the history, resources and strengths of the organization to advance the mission and goals.

Leaders should pay particular attention to the use of the word staff, especially if the profession is hierarchical and staff in the profession mean less than the professionals it represents. Given the partnership between board volunteers and association professionals, one legal Bar association has replaced the word staff with "internal team" to cast a spotlight on the importance of the partnership, clarifying that the staff team does not work directly for volunteers --- rather they work in partnership with volunteers.

### **Culture of Respect**

A culture of respect among all components of the workforce is a priority. With the transition of board members, it may require an annual discussion to blend the team.

Recognize signs of disrespect. They may be evidenced in receiving the recommendation of a committee and dismissing their work. Or distrust among board members. Breaches of confidentiality would fit in this category.

Another example is disregard for a category of type of member. Since the theme of this article is developing respect in the association team, avoid statements such as, "Let the staff finish the project for us."

The better phrases to describe staff include:

- ✓ Management Team
- ✓ Support Team
- ✓ Professional Staff
- ✓ Internal Team
- ✓ CEO and President

Boards should realize the importance of staff and their partnership in achieving desired results.

# # #

Note: Ellen M. Miller-Sharp is the Executive Director/CEO of the San Diego County Bar Association. Bob Harris, CAE, provides free governance tips and templates at [www.nonprofitcenter.com](http://www.nonprofitcenter.com)

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## Conveying the Role of the Board

Bob Harris, CAE

“Welcome to the board, your role is to govern.”

Not all directors know the meaning of governance. Some join the board with experience in their own work settings --- making administrative or tactical decisions each day. This is *not* governance.

Through board development directors will better understand their governance roles.

Too many boards are quick to fall to tactical and management discussions. This is evidenced in discussions that quickly tumble from strategic to tactical. For example, a discussion about increasing the profit potential of the annual conference. Discussion begins with the venue and budget but is distracted when a director asks, “Will the banquet include a choice of three entrees?”

*“These phrases should be mantras in the boardroom.”*

Strategy is characterized as long-term and visionary. Tactical discussions are low level, usually the responsibility of committees or staff. Seldom are they appropriate at the board table.

Bill Pawlucy, CAE, an international governance consultant based in South Carolina instructs: “The board has a fiduciary role to govern and it is responsible for advancing the strategic plan and the budget. These two documents serve as roadmaps. The board will decide the destination and the staff will manage the details.”

These phrases should be mantras in the boardroom.

### Nose In, Hands Off

An international phrase to position governance: “Nose in, hands off” suggests directors should focus their efforts on the agenda, board duties and general oversight. Hands off reminds them to leave the tactics to committees and staff. “Nose in” is NOT an invitation to micromanage.

There are related phrases. “Nose to the grindstone,” would remind directors they are accountable for certain duties. “Hands off” will remind directors to avoid fraternization with staff.

## **Trust but Verify**

The phrase “trust but verify” was made famous by President Reagan after the signing of a treaty with Mikhail Gorbachev. The Russian leader quipped, “You repeat that at every meeting,” to which Reagan replied, “I like it.”

Application at the board table suggests that directors ask the appropriate questions and trust the answers. For example, “Do we have conference cancellation insurance?” demonstrates duty of care. But there isn’t a need during the meeting to ask how much it costs and what is the name of the insurer. Clarification and additional questions can be asked after the meeting to “verify.”

## **Board Governs, Staff Manage**

This phrase balances the partnership of the board and staff team. Directors should focus on governance. Staff are responsible for management and administration. Add it as a footer at the bottom of agendas. Print it on bookmarks to include in board packets.

## **Fiduciary Role**

Fiduciary duty requires board members to stay objective, unselfish, responsible, honest, trustworthy, and efficient. Board members should exercise reasonable care in all decision making, without placing the organization under unnecessary risk. Be sure directors understand they are fiduciaries on behalf of stakeholders and should comply with the duties of care, loyalty and obedience.

## **We are in the Weeds**

Empower directors and staff to recognize when discussions have fallen to tactical levels. Everyone at the board table should feel empowered to offer, “This discussion feels like we are in the weeds.” Also remind directors, “Boards don’t do committee work at the board table.”

## **The Brain of the Organization**

According to corporate governance consultant Badri Meouchi with Tamayyaz based in Lebanon, “In so many ways the board acts very much like the brain. It thinks, debates with itself and decides on the strategic direction, and then puts in motion the acts that have to happen for that strategy to be executed.”

The brain does not walk, it gives instructions to the legs for them to do the walking, and it also monitors how and where we walk. If a big ditch is sighted by the brain, it instructs the legs accordingly so as to avoid it.

In summary, no matter how it is conveyed, the board has to understand its legal and essential role in governance. Discussions should be deliberate, produce results and avoid micromanagement.

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Access the free toolkits at  
[www.nonprofitcnet.com](http://www.nonprofitcnet.com)

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## Strategic or Tactical Board?

Bob Harris, CAE

The board meets for the purpose of governance. *Governance* is described by most state corporate statutes as adherence to policies or governing documents and the continuous monitoring of their implementation. The principal duties of a board include advancing the mission, protecting assets and serving the membership.

To govern the board should be *strategic*. Strategy is defined as a method or plan chosen to bring about a desired future, such as achieving a goal or solutions to a problem. Strategy can be characterized as thinking at a higher level and for the longer-term.

A problem occurs when a board is characterized as *tactical*. Tactical can be defined as lower level work that should be carried out by committees and staff.

Strategy and desired outcomes is set by the board so that staff and committees can align resources and achieve the results.

The problem is when a board falls below strategy and becomes tactical. It is sometimes masked by the enthusiasm of the discussion. For example, in a discussion about a problem, the conversation drops to tactics: "Who will staff the registration desk?" "Will we provide coffee?" "Should we select a new theme?"

### Avoiding the Weeds

Board members should want to focus their efforts on visionary discussions. This requires more strategy than tactics.

Meetings focused on tactical thinking require more time. They produce less significant results. Directors become frustrated if time is wasted discussing the details of implementation and application.

Techniques to increase opportunity for strategy and less tactics include:

- ❑ **Consent Agenda** - The consent agenda is single entry on the primary agenda that packages items the board should read but require no action or discussion, for instance staff and officer updates. Use of a consent agenda can save 30 to 60 minutes, redirecting the time for substantive issues. It requires discipline to submit timely reports and hold the directors accountable for coming prepared by

reading the reports. The chief elected officer should enforce accountability among directors.

- ❑ **Agenda Design** – Asked why the agenda is in its current form and the usual answer is, “It’s always looked like this.” There are ways to design an agenda that advances the work and supports strategic discussions. Consider adding the goals from the strategic plan right on the agenda, and include the mission at the bottom. Add time indicators so directors know what’s expected with each item and when to move on. Or break the agenda into sections, for instance: 1. Association Business, 2. Strategic Decisions, 3. Visionary Thinking. Remove “New Business” from the agenda by asking directors to submit ideas in advance according to policy or precedent.
- ❑ **Room Set Up** – There are room set-ups that facilitate meaningful discussions. The most common is an open U so each person feels equal; able to hear and see each other. The room environment should be comfortable. A cold, tight, dark room will not enhance outcomes.
- ❑ **All Eyes on the Screen** – Some boards distribute reams of paper in the form of reports and information. Consider less paper by giving directors access to the information on a screen. Project the report being discussed on a central screen so all board members are focused on the correct document. Directors will bring their own computers to have documents at their fingertips.
- ❑ **Dashboards** – Dashboards are graphic representation of reports and data. Improve understanding and save time by transforming a 10 minute update on membership, for instance, into a single graphic in the form of a thermometer or gauge. Use the same dashboards so directors recognize trends and gaps. Ask the board to select up to a dozen dashboards it would like to review at each meeting.
- ❑ **Knowledge Based Discussions** – Encourage the board to base discussions and decisions on facts. Too often discussions are moved by passion or group think. Group think is the practice of approaching problems or issues as matters that are best dealt with by consensus of a group rather than by individuals acting independently. Directors should ask tough questions before making decisions, exercising duty of care and fiduciary duties. Use external benchmarks to compare data from similar organizations.
- ❑ **We’re in the Weeds** – One of the most powerful comments at the board table is, “We’re in the weeds.” If conversations appear to fall below governance, directors and staff should recognize the problem and pose the statement.

Nobody wants to conclude a meeting wondering if anything was achieved. Involve the officers in the design of meetings that advance the mission and goals without dropping into tactics. Orient the directors to their roles in governance and the distinction between strategy and tactics.

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## COMMITTEE

### RESPONSIBILITIES

Committees are an integral part of successful organizations. Their purposes include: supplementing the work of the board and staff; engaging members; and developing leaders. The *Committee Responsibilities* guide clarifies responsibilities, authority, recommendations, smart practices, trends and risk avoidance.

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| <p style="text-align: center; background-color: yellow;"><b>Types of Committees</b></p> <p><b>Standing Committees</b> are identified in the bylaws and serve the duration of the year.</p> <p><b>Subcommittees</b> divide work amongst subgroups.</p> <p><b>Task Forces and Ad Hoc Committees</b> are appointed for a specific purpose. The committee disbands after completing the assignment. Because volunteers have limited time, consider using task forces or <b>Quick Action Teams</b> (similar to task forces but even shorter duration.)</p> <p><b>Councils, Think Tanks, Brain-Trusts, Strike-Forces and Special Interest Groups</b> are other committee names, often created to engage persons with similar interests, such as practice specialty, geography or ethnicity.</p> | <p>Use a <b>vice-chair</b> or <b>co-chair</b> for sustainability. The position supports the chair and may become next year's leader.</p> <p><b>Committee liaisons</b> serve as an advocate and champion. A <b>board liaison</b> is the communication channel between the committee and board. The <b>staff liaison</b> is a link to management and resources.</p> <p style="background-color: yellow;"><b>Alignment in the Organization</b></p> <p>Committees have a "fit" within the organization. Each has an explicit purpose often identified in the <b>governing documents</b> (bylaws, policies or committee purpose statements.)</p> <p>Efforts of the committee should align with the organization's structure, strategic goals and resources. An org-chart will depict hierarchy and the relationship to the board and staff.</p> <p style="background-color: yellow;"><b>Trends in Committees</b></p> <ul style="list-style-type: none"> <li>There are no "sacred cows." Is the committee necessary?</li> <li>Elimination of standing committees in favor of task forces.</li> <li>Committees are all aligned with the organization's strategic goals.</li> <li>Technology use, on-line meetings and committee web portals.</li> <li>No silos. Committees should interface with other committees to collaborate.</li> </ul> | <p style="background-color: yellow;"><b>Outcomes and Recommendations</b></p> <p>Committees should produce <i>results</i>. For example, instance, creating new educational content, programs, publications, fund raising, a robust special interest section or enhancements in the organization.</p> <p>Most efforts by a committee will require approval by the board. <i>Recommendations</i> should be in the form of a motion or resolution. A request to the board should be explicitly clear so that directors understand and approve.</p> <p>When setting committee goals, be realistic about what can be achieved. Break projects into monthly or quarterly steps.</p> <p style="background-color: yellow;"><b>Committee Resources</b></p> <p>Resources take the form of time and money:</p> <p><b>Finances</b> – The annual budget may have allocations for committees.</p> <p><b>Time</b> – Consider the value of a committee meeting by multiplying the # of persons involved x the length of the meeting x \$50 hour wage/vale (minimum).</p> <p><b>Information</b> – "Read to Lead." Know the mission, bylaws, policies, strategic plan, budget and organizational chart.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px; text-align: center;"> <p style="color: red; font-size: small;">"Some committees keep minutes and waste hours."</p> </div> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Chairs and Liaisons**

Every committee needs leadership.

The **chair** should have the best understanding of the purpose of the committee and the immediate tasks. He or she sets the tone for achieving results and engaging volunteers. The chair should be able to communicate a clear vision and desired outcomes.

Access the free two-page guide to Committee Responsibilities at [www.nonprofitcnet.com](http://www.nonprofitcnet.com)

December 2017  
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## **Managing the “Rainy Day” Fund**

Bob Harris, CAE

Some associations are sitting on considerable reserves, a combination of savings and property. Ask why they have amassed the assets one might hear, “It is our rainy day fund.”

The purpose of the savings is described with varied perspective: “The leaders before us saved the money and it is our job to protect it.” “We shouldn’t spend it in case we have a crisis.” Or, “We don’t give it much thought, it’s just there.”

An organization’s reserves are part of its strength. Leaving excessive funds untouched may not be the wisest decision. Strong reserves do build confidence and support sustainability.

Reserves are intended to benefit the membership and advance the mission. When an expenditure is essential, I’ve heard boards tell the executive director, “We can’t afford that, it’s not in the budget,” although the savings were flush.

### **Building Reserves**

Prudent boards find ways to add to savings each year. A common benchmark for reserves is an amount equal to fifty percent of the annual income. Some associations have policies prescribing a minimum and maximum for savings in relation to the budget.

Several factors affect savings, including environmental challenges, indemnification expectations, government regulation and whether or not an office is rented or owned. A board should consider the reserves in relation to the strategic plan.

### **Strategic Use of Reserves**

Richard Vincent, Executive Vice President at AGC of Kentucky describes this scenario to facilitate wise use of savings.

During our recent strategic planning session our board of directors adopted a goal of building upon the strengths of our organization to create a showcase chapter. One of the strategies identified to accomplish this goal was to determine how best to utilize our reserves.

We already had a well-defined investment account policy that has served the association very well. This, coupled with consistent fiscal discipline, established a solid financial foundation for our organization. With this foundation in place we sought to develop parameters for what became our “Strategic Reinvestment Initiative”. This initiative would allow us to leverage reserves for the benefit of member firms and the industry we serve.

When considering this action our paramount concern was the preservation of long-term financial security. The primary points of consideration were:

- Ensuring good financial stewardship of the association’s resources by recommending a responsible, sustainable policy for Board consideration.
- Consideration of the current and future needs of the association to maintain a competitive market presence and deliver impactful member services/industry accomplishments.
- Adherence to the vision of protecting our member’s equity in the organization while capitalizing on opportunities to provide them with a return on their investment.
- Maintaining resources and flexibility for current and future Boards.

In setting out to create guidelines that would meet the expectations above we also kept in mind the overall goals of the policy. Specifically, the current and future funding of strategic plan initiatives and other opportunities that deliver value to our constituency.

### **Strategic Reinvestment Initiative Policy**

Annually AGC of Kentucky will reinvest 4 percent of the long-term investment account balance into specific activities identified as priority in our strategic plan. An additional 2 percent may be utilized under certain circumstances but will automatically sunset the following year. The percentages, determined through consultation with our financial advisors, are based upon the three year rolling average account balance. In order to be automatically reauthorized the account must meet minimum balance requirements.

Without implementation of this initiative, aligning financial resources to fund strategic plan goals would have forced tough decisions. With the launching of this policy we are able to demonstrate to members that our reserves are being reinvested to address current industry issues while maintaining safeguards for the future.

In summary, the amount of reserves and their use is a strategic decision. When the board meets and leaves savings untouched they are making an unstated decision.

It is worth noting that through IRS Form 990, members and stakeholders have access to know how the board is building or using reserves. (Be sure to rely on professionals for advice regarding savings, policies and expenditures.)

# # #

Note: Bob Harris, CAE, provides free governance tips and templates at [www.nonprofitcenter.com](http://www.nonprofitcenter.com).



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December 2017  
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## **Bullies in the Boardroom**

Ricki Garrett, PhD and Bob Harris, CAE

Joining a board should be an honor. It is an opportunity to use leadership skills and tact to advance a shared mission. The boardroom environment should be a place of respect among peers.

Yet some associations deal with the “boardroom bully.”

There is no phenomenon more damaging, disruptive and counter-productive to associations than that of a director who takes on the role of bully. It is disruptive and hurtful. Directors or staff may resign stating, “This is not why I got involved in this association.”

Despite the best efforts to educate boards about good governance and to anticipate problems, bullying can cause damage to the organization as well as the volunteer leaders and professional staff.

Association boards are difficult to manage under the best of circumstances. To advance the important work that they do it is imperative to understand what causes bullies and how best to deal with them. The behavior may appear suddenly, quickly causing harm to the board culture and desired outcomes.

“Emphasize to board members, particularly the board chair, the necessity for boards to police themselves, and for the board to intervene in cases of rogue behavior.”

Though rogue behavior seems to appear out of nowhere, there are some specific causes, and pro-active steps can be taken to ward off the damaging effects. The causes are often as complicated as the human psyche, but, essentially, they can be condensed into the following:

**Self-Interests** - Putting one’s needs or desires above that of the organization. Although most directors have an understanding that their power is jointly shared with the other members of the team and that a board only speaks through appropriate channels, some directors allow their personal desires, jealousies, and agendas to dictate their behavior. Oftentimes, it is only one or two board members who are behaving badly, but unfortunately, they are often able to bully other directors into submission or convince them that they are acting in the best interest of the board.

**Role Clarity** - Blurring of lines between governance and management. Either out of some need to micromanage the organization or a lack of knowledge about the differing roles of board and staff, board members begin to interfere in the day-to-day

management of the association. Micromanagement might include personally directing the executive director or staff, making decisions outside of the board, and holding improper meetings with select board members. This behavior undermines and interferes with the work of board, committees and staff.

**Accountability** - Failure to police their own bad behaviors. Because board members either lack the self-confidence or the expertise to reign in wayward colleagues, executive directors are often left to try to counter the board behavior, further putting themselves and the association at risk. Board members must understand their role as trustees and act as a unit. When board members act outside of that role, fellow board members must be responsible for addressing the problem and for supporting the executive director.

## **Bullying Solutions**

To achieve good governance, a respectful environment, and role clarity, it is important for board members to adopt processes to decrease the likelihood of rogue board behaviors.

The following steps should be considered:

- Emphasize the qualifications and characteristics of good board members and put measures in place to assure that the most highly qualified of candidates be selected.
- Provide orientation at the beginning of the term as well as at intervals throughout their tenure. Board members should be taught the principles of good board behavior, the difference between governance and management, the distinct responsibilities of board and staff, and the importance of treating each other with respect.
- Emphasize to board members, particularly the board chair, the necessity for boards to police themselves, and for the board to intervene in cases of rogue behavior.
- Expect that the governing documents of the association be followed and that fiduciary roles are understood and observed.
- Emphasize that the executive director works for the board and is answerable to the board itself, not to individual board members, and the importance of supporting the executive director against rogue board behavior.

No board is perfect and no executive director is immune to the vagaries of board behavior. The effectiveness of associations depends upon the highest level of trusteeship from directors who understand their roles and are willing to take a stand against behaviors that threaten their efforts.

# # #

Ricki Garrett, PhD, is the Executive Director of the Mississippi Speech-Language-Hearing Association and a speaker/trainer. She can be contacted at [rickigarrett4@gmail.com](mailto:rickigarrett4@gmail.com) or 601 940 6383. Bob Harris, CAE, provides free governance tips and templates at [www.nonprofitcenter.com](http://www.nonprofitcenter.com).

## BOARD RESPONSIBILITIES

Serving on the Board of Directors is a rewarding and important responsibility. This guide informs leaders of the unique aspects associated with governing a volunteer, membership organization.

### BOARDS GOVERN STAFF MANAGE

**Governance:** Volunteer leaders are responsible for the *direction* of the organization. The board governs, develops policy and sets a course. The mission statement should frame all discussions. Purposes of a board of directors:

- Governance
- Policy & Position Development
- Visionary – Future Focus
- Fiduciary

**Management:** Staff are responsible for *administration* of the organization. Staff *partner* with the board to advance goals and strategies, while taking care of the daily administrative needs unique to nonprofit organizations.

### Board Responsibilities

1. Determine and advance the organization's mission and purposes.
2. Select the chief paid executive (*not staff*) as well as CPA and attorney.
3. Support the chief executive and assess performance in the organization (i.e. budget, goal achievements, etc.)
4. Conduct organizational planning.
5. Ensure adequate resources (funds, time, volunteers, staff, etc.)
6. Resource and financial oversight.
7. Determine, monitor and enhance programs and services.
8. Promote the organization.
9. Ensure legal and ethical integrity and maintain accountability.
10. Develop future leaders.

(Adapted from Ten Responsibilities of Nonprofit Boards [www.BoardSource.org](http://www.BoardSource.org))

### Directors and Officers (D&O) Liability

may cover legal defense for employment, copyright, and antitrust claims, for instance.

**General Liability** insurance covers property damages and injuries relating to the organization.

**Fidelity Bond** covers losses resulting from fraudulent or dishonest acts committed by an employee.

**Meeting Cancellation** covers the loss of revenue due to a cancellation, curtailment, postponement because of weather, strikes, etc.

(Contact legal and insurance counselors for assistance.)

### Legal Principles

**Duty of Care** requires leaders to use reasonable care and good judgement in making their decisions on behalf of the interests of the organization.

**Duty of Loyalty** requires leaders to be faithful to the organization, avoiding conflicts of interest.

**Duty of Obedience** requires leaders to comply with governing documents (i.e. bylaws, articles of incorporation, policies, etc.)

### Good Governance

Scrutiny has increased on nonprofits from media, government and members. More recently the IRS has focused on organization governance and policies. Boards are expected to be accountable, independent and transparent.

Policy questions in IRS Form 990 include:

- Audit and Audit Committee
- Whistleblower
- Compensation
- Document Destruction
- Conflict of Interest
- Public Records
- Board and Committee Minutes

### Unique Terminology

**Not-for-Profit** refers to the legal corporate status of the organization. (It does not imply an exemption from paying or collecting *state sales tax*.) **Nonprofit** is the casual reference to Not-for-Profit

**Exempt Organization** is a reference to the IRS designation exempting the organization from paying most federal income tax (with exception of **UBIT - Unrelated Business Income Tax**). The most common exempt designations:

**IRS 501(c)(3)** often refers to organizations with a religious, charitable, scientific or educational purpose.

**IRS 501(c)(6)** refers to trade associations, business leagues and professional societies.

### Insurance and Volunteer Immunity

State and federal governments afford certain protection to volunteer leaders. While the volunteer may have some protection, the organization is still open to legal suits. Insurance coverages add further protection for volunteers and organization, include:

### Board Tools

Documents available to leaders, often in a **Leadership Manual** or board portal.

- Statement of Purpose (Mission)
- Articles of Incorporation
- Bylaws
- Policy Manual
- Strategic Plan
- Financial Statement - Budget
- Meeting Minutes
- Organizational Charts
- IRS Form 990

**Treat board discussions and documents with confidentiality.**

**#1 lie --- "You won't have to do anything when you get on the board!"**

6-16 © RCH

**RCH CAE**  
Robert Harris, CAE

Order form attached for the two-page laminated *Guide to Board Responsibilities*®.

bob@rchcae.com

## I Survived a Year on a Committee!

Bob Harris, CAE

Last year I *cringed* when I was asked to serve on a committee. Before I said “yes,” I was determined to learn how to be a *good committee member*. You see I’ve served on committees that wasted my time, had no clear purpose and succumbed to egos and politics.

Now that my year of service has ended I can say, “I survived a year on a committee!” Let me share how I approached my committee work:

### Committee Survival Tips (10)

1. **Purpose** – My first question was “What’s the purpose of the committee?” I wanted to ensure a good reason existed for our committee. (I’m in favor of eliminating or merging unnecessary committees.)
2. **Charges** – Now that I knew its purpose, I wanted to be sure the committee had received a clear work assignment. What did the incoming board chair communicate to the committee’s chair about expectations and outcomes? The clearer the charge --- the more likely our success.
3. **History** – I knew our standing committee was not new to the organization. So I asked the committee chairman about last year’s records. I wanted to know what had been accomplished and what work was pending. The staff gave us the prior “committee notebook.” It explained rationales and helped us avoid redundant discussions. We made a commitment to help future committees by taking good notes and keeping all of our drafts and minutes in a similar notebook.



4. **Performance Measures** – At our first meeting I asked how we would measure performance. I suggested we include accountability (who, when) and quantifiability (how many, how much) to gauge progress during our term. Everyone agreed and we achieved all of our aims within the year.

5. **Linkage** – Committees usually serve at the pleasure of the board. Thus, we asked how we would be expected to keep the board informed of our ideas and progress. Did they expect written reports? Would a board liaison attend our meetings? Would a staff member be assigned to our committee? We respected protocol by asking questions at the onset and viewing the organizational chart that showed hierarchy and information flow.



6. **Vice Chair** – We were told our committee had a chairman and he would schedule meetings, set agendas, etc. He inadvertently missed our second meeting and we sat there with no leadership, nearly wasting three hours (multiplied by 12 persons). We suggested that the chairman appoint a vice chair that would serve as a backup and could be a potential future committee leader.
7. **Timeline** – We set a schedule for the year. How often would we meet in person and by phone? What mid-year goals did we need to accomplish to stay on schedule? We developed a committee calendar and stuck to it.
8. **Alignment** – I knew a committee could not operate in a vacuum. We were part of a larger structure that included other committees, policies, a mission statement and probably a strategic plan. We asked for a copy of the strategic plan to ensure that our work fit inside the long-term goals. The mission statement was a reminder to stay on task; we read the mission at every meeting and included it on the bottom of the agenda.
9. **Meeting Agendas**– We promised that meetings would not waste our time. To that end, the chairman suggested distributing our agenda 14 days before meetings. It helped me prepare, anticipate discussions, and reminded me of items I had offered to do but had forgotten.

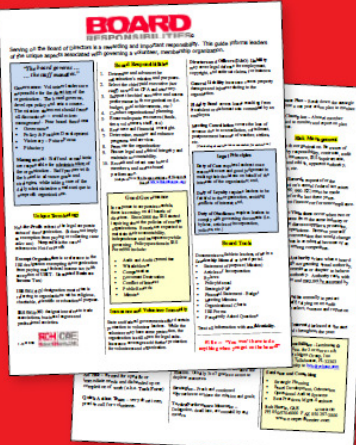
**10. Minutes and a Final Report** – We agreed to keep meeting minutes and distribute them promptly. This served as a reminder of our plans and progress. The staff appreciated receiving the minutes and shared them with the board chair to keep him apprised. At the end of the year, we assembled all the agendas, minutes and supporting documents to create a committee notebook for next year's group.

Not all committee experiences are so positive. Use these tips to educate your committees.

# # #

Note: Bob Harris, CAE, provides free governance tips and templates at [www.nonprofitcenter.com](http://www.nonprofitcenter.com).

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November 2017

## **Instilling a Corporate Culture**

Bob Harris, CAE

I suggest that boards adopt a corporate culture to increase their impact and outcomes.

Corporate culture can be described as the beliefs and behaviors that determine how volunteers and staff interact and handle decisions. Some nonprofit boards refute the idea of corporate culture.

Association executives ask, “Are you suggesting we adopt a business model?” The answer is a resounding, “YES.”

*“We are nonprofit so I don’t think a corporate culture would benefit us.”*

From the perspective of volunteer leaders I’ve heard some unique replies, “We are an association, not a corporation.” Or, “We are nonprofit so I don’t think a corporate culture would benefit us.”

### **Working as a Business**

An association is a business. I’m not the first to advise that “nonprofit” is a legal designation, not the model for volunteer behaviors.

Some directors leave their business skills at the boardroom door. They work in successful organizations, but come to the board meeting to see friends. Meetings are characterized as the “lunch bunch” or a time to share stories.

The purpose of a board is to govern. Members and stakeholders expect results.

Read the recent meeting minutes and one might ask why the board met. Agendas average a dozen reports to which the directors are forced to listen or read. For directors who arrived without preparing the most frequent phrase is, “I just have a question.”

### **Culture Evolves**

Culture settles into an organization, often without realization. Meetings planned just to meet may become the norm. Or a lack of quorum becomes the standard.

The worst characterization of a board is, “good old boys.” Nobody purposely sought this reputation but it happens.

You may recognize it by looking around the board table realizing the directors don't reflect the composition of the membership.

Or you hear awkward statements like, "We've always done it that way" and "That's not how we used to do it."

## Corporate Ingredients

An association's corporate culture develops organically over time from cumulative processes and behaviors. While there are precise governing documents the culture is usually silent or implied.

Some organizations consider governance to be a meeting, an agenda, reports, minutes and adjournment. These are ingredients of a board meeting but a business culture requires more.

To instill a corporate culture, include these aspects:

- **Performance** – How can leaders gauge and recognize success if performance measures are not set? Under-performing programs should be enhanced or cut; the same for committees. Report on performance through a series of dashboards to visually communicate trends, growth and gaps.
- **Strategy** – A board should be strategic, leaving the tactics to committees and staff. The board sets a multi-year roadmap. Keep the plan on the board table and report on progress at meetings.
- **Impact** – Members expect results. Does the organization have enough influence to sway decision makers and affect public policy? Members may say they are not interested in politics but nearly all of them desire a better operating climate with less regulation.
- **Brand Strength** – Corporations rely on a contemporary brand, logo, media and messaging to communicate with power. Discuss the reason for the image of the logo and if it communicates a clear, positive message.
- **Behaviors** – Leadership behaviors have an impact on the board and its outcomes. Somebody playing devil's advocate at every meeting seldom adds value. Arriving late or unprepared is unacceptable, diminishing board performance.

### Ingredients of a Corporate Culture

- Performance
- Strategy
- Impact
- Brand Strength
- Behaviors
- ROI
- Principles
- Processes

- **ROI** – Corporations deliver dividends and equity. Associations should provide value or return on investment for dues paid. Do decisions of the board, and the programs and services provide enough value to sustain or grow the membership?
- **Principles** – Principles are the values developed in the organization. Values guide the discussions and decisions of the board. Be sure the board is aware and considers the stated values. They often include respect for accountability, transparency and diversity.
- **Processes** – Question why certain processes exist. How is the agenda developed? Do guests sit in or distract meetings of the board? Do reports dominate the agenda leaving little time for substantive discussions?

## Changing the Culture

Few boards make time for an introspective discussion about image, behavior and results.

Start with the question, “Are we the best board possible?” “What can be improved?”

It can be a difficult conversation. They might ask, Should we be more diverse? Do board meetings produce outcomes? And, do processes and behaviors reflect good governance?

Use a self-assessment tool to guide the conversation. Consider a facilitator to advance the discussion and reach consensus for action.

Ask directors to judge their individual performance. Use their input to improve processes and meetings. For example, if they feel they are not strategic enough, find a way to weave the strategic plan into meetings.

If the board is the wrong size, decide on the right number of directors to allow for meaningful conversations. The average is 15 persons.

If the board meets too frequently discuss an agenda that advances business for at least 90 days. With technology and the authority of an executive committee, work can be accomplished in between duly called meetings.

If there are too many reports to digest, implement a consent agenda process to reduce time spent reading and listening. Directors will have to make time to read before

| 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 Comfortable         | Comfortable              | Somewhat Comfortable     | Somewhat Uncomfortable   | Very Uncomfortable       |
| <b>Mission and Strategic Direction</b>                                                                                                                                                                           |                          |                          |                          |                          |                          |
| 1. Board efforts advance the mission, vision, values and goals.                                                                                                                                                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. The strategic plan portrays an image of the organization in 3, 5 or 10 years.                                                                                                                                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Meetings and agendas are organized to achieve the mission and goals (and avoid operating matters.)                                                                                                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Comments:</b>                                                                                                                                                                                                 |                          |                          |                          |                          |                          |
| <b>Governing Documents</b>                                                                                                                                                                                       |                          |                          |                          |                          |                          |
| 4. Board understands and upholds all governing documents.                                                                                                                                                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Policies are adopted and followed to guide current and future leaders.                                                                                                                                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Comments:</b>                                                                                                                                                                                                 |                          |                          |                          |                          |                          |
| <b>Leadership, Succession and Transparency</b>                                                                                                                                                                   |                          |                          |                          |                          |                          |
| 6. Board selection process is transparent and ensures leadership succession.                                                                                                                                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Board orientation and self-assessment is sufficient.                                                                                                                                                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. New ideas and people are respected.                                                                                                                                                                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Comments:</b>                                                                                                                                                                                                 |                          |                          |                          |                          |                          |
| <b>Finances and Infrastructure</b>                                                                                                                                                                               |                          |                          |                          |                          |                          |
| 9. Board adopts annual budget and is engaged in monitoring finances.                                                                                                                                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Reserves/savings and investment strategies are appropriate.                                                                                                                                                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Financial reports are clear, accurate and timely.                                                                                                                                                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Annual audit and auditor's recommendations are reviewed.                                                                                                                                                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

meetings.

Through honest self-evaluation, introspection and a commitment to be the best, business principles can become the norm.

### **Trustee Roles**

Directors should understand they are trustees of a corporation. The membership has entrusted them with resources to advance the mission and goals.

Board members are to perform their duties in accordance with corporate laws and the governing documents.

Most directors have the business skills necessary for good governance. They should ensure this board strives to be a model of excellence.

# # #

Note: Bob Harris, CAE, provides free association governance tips and templates at [www.nonprofitcenter.com](http://www.nonprofitcenter.com)

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November 2017

## **A Legacy of Association Leadership**

Bob Harris, CAE

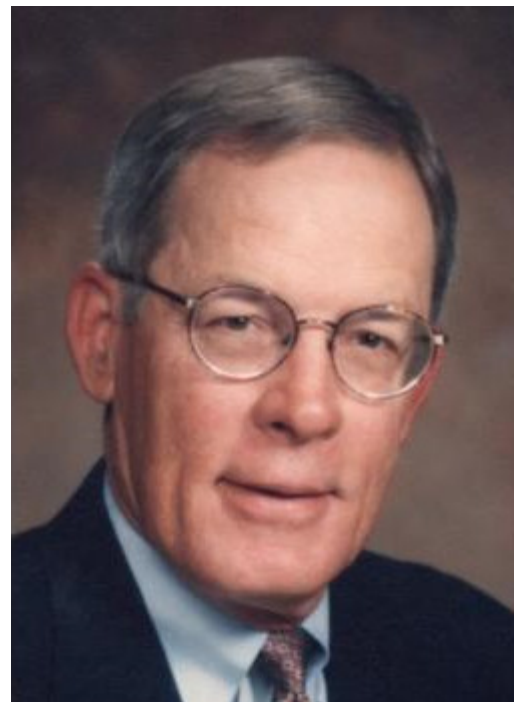
I met Dr. Richard McDonald after his death. I have been honored to teach at the Richard McDonald Leadership Institute offered by the National Cattlemen's Beef Association (NCBA).

McDonald worked at the Texas Cattle Feeders Association for 32 years. He retired in 2006 after a distinguished career of service to the cattle industry. Among colleagues, industry and professionals he was recognized for his successes.

NCBA administers the Richard McDonald Leadership Institute. During his career he offered guidance for the development of strong state organizations. Based on his leadership the Institute was developed to benefit cattle and beef marketing associations.

His advice was captured through a videotape offering perspectives of success in an association. The video is played at the Cattle Industry Summer Business Meeting each summer. His words ring true for association leadership now as much as they did when the video was produced in 2010.

Through his perspectives association executives and volunteer leaders continue to benefit from his advice.



### **Association Advice**

This is a summary of his advice paraphrased from the video (RM). Below each topic I've added my own perspectives (BH).

#### **What makes a good association executive?**

**RM:** The role of an executive director is not to be friends with the board but to advance the goals of the association the organization.

**BH:** The mission is the purpose for existence. Nearly every discussion and decision by the board and staff should be framed by the statement. It takes a board-staff partnership to achieve results. At the conclusion of every meeting directors should ask, “Did we advance our mission?”

### **Balanced roles of board and staff.**

**RM:** Board members are there to govern and establish policy. The officers and committees should allow the staff to do the day to day management. There should not be a need to ask the board for permission to buy a computer when it was already in the budget, for instance.

**BH:** If the board will establish policy and a budget, the executive director should have authority to act without asking for permission. The board sets the destination and the staff will find the most efficient means to reach it.



### **Why committees are important.**

**RM:** Committees help the larger board. Avoid the need for a board to make every decision by appointing effective committees. Get at least one “junkyard dog” on the finance committee. Be sure the committees understand their purposes and the board respects the committees.

**BH:** Committees can benefit the board and staff, or waste their time. Be sure each has a clear purpose. Discourage the board from doing committee work at the board table.

### **Symptoms of weak governance.**

**RM:** Officers should not make decisions that have not been approved by the board. You don't want directors to do their own thing without the approval of the board. It's not about personal desires of any one director. There should be an officer orientation so they understand their roles and the board staff relationship.

**BH:** Orientation of the board should occur annually. It refreshes directors on their responsibilities, understanding of the financial resources, and awareness of possible risks. The adage rings true, “The board governs and the staff manage.”

**Without consensus there will be trouble.**

**RM:** When you don't have consensus and there is good reason, postpone the decision. One can expect a few dissenting votes, but a split of 14 to 16 would cause internal strife. As often as possible strive for consensus for a smooth running association.

**BH:** Decisions of the board should be considered unanimous. After meetings directors may be asked about meeting outcomes and they should always reply, "I support the decisions of the board." Any opposing statement should be made inside the board meeting, not after the meeting.

**Do your homework and prepare the board.**

**RM:** Give the board good information in a brief format. For example a single page of bulleted information is more likely to be read and understood. By giving directors too much information it is subject to interpretation. Avoid reams of paper when bullets will suffice.

**BH:** Seldom does a volunteer have time to read past page two of a document without interruptions. If directors want more information, make it available, but start with brevity to increase understanding. Even a strategic plan can be reduced to the size of a business card.

The Amarillo Area Foundation administers the Institute. NCBA plans the annual summer training.

# # #

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## **Diversity of Leadership**

Bob Harris, CAE

The executive explained, “The average age of my board is 55. The directors are all women. Admittedly the profession we represent is characterized as women, but there are men in the industry, too. We don’t have term limits so I don’t see any chance for developing a board that adds men or represents the diversity of our membership.”

Another executive said, “Our problem is the same board members continue to serve. One might think it is a good problem to have but it feels like the current directors are blocking others from joining the board.”

I suggested term limits but he countered, “Our bylaws prescribe a maximum of two terms – followed by a year off the board. But the directors who come off are eagerly waiting to rejoin the board for another two terms.”

### **Embrace Board Diversity**

A frequent question of executives: “How do we add diversity to a board that likes being who they are?”

Diversity means different things to different people. It can be difficult to discuss. Often a board member states, “We tried once and it was unproductive.”

The dictionary describes diversity as the condition of having or being composed of differing elements, especially the inclusion of different types of people (such as people of different races or cultures) in a group or organization.

One of the worst labels a board can acquire is, “Good old boys.” Often the characterization is oblivious to the board. Seldom do boards look inward to discuss their image from the outside.

Diversity in an association could be represented by age, generations, business models, geographic locale, practice setting, ethnicity, religion, preferences and more. When the conversation is difficult, there are professionals who can guide the board to appropriate action.

Dresden Farrand, MPA, MPP, CAE, Vice President of Chapter Development at the **Independent Electrical Contractors, Inc.** (IEC) offers, “Associations should reflect the society in which they operate. For a board to truly adopt diversity it must appreciate its

meaning. The opportunity to evolve from understanding to practicing the principles is key. Without a board driven directive the initiatives will not be sustained.”

If an association does not respect diversity they may unknowingly create an opening for the development of a competing group. It might start as an informal social media page and evolve into a new association embracing the under-represented membership.

## **Practices**

**Core Beliefs** – Examine the values that guide the organization, they frame decisions by the leadership. Core beliefs might include diversity, respect, transparency, integrity and accountability. Discuss their importance and understanding with the leadership.

**Demographics** – Study the composition of the membership and the community (including prospective members.) Analyze the demographics to identify populations that can be better engaged and served.

**Programs and Services** – Different populations have different needs. Are events, programs and services perceived as inclusive or exclusive? Do barriers exist, such as language, access or understanding? Conduct marketing with consideration of diversity.

**Forums** – Consider a forum, roundtable or program that embraces diversity within the community. For example, the American Society of Association Executives offers the “Diversity Executive Leadership Program,” DELP. It connects individuals from under-represented. Many organizations involve younger members with an emerging professionals’ network.

**Board Buddies** – Ask directors to escort a prospective leader to an event or board meeting. Reach out to persons desired for inclusion but absent in the association.

**Opportunity** – Create opportunities to include new persons. Rotate board meetings to varied settings and invite or visit members. Ask potential leaders to observe the board in action and to share their perspectives.

**Term Limits** – Most associations prescribe two terms before a director must step aside. Agree that two terms is sufficient time to advance the mission and goals so others may step up.

**Committees** – Just as the board should reflect diversity, so too should committees. Appoint persons representing all segments of the association to volunteer workgroups.

**Mentor** – Sometimes all it takes to draw out a new leader is to ask, “Have you considered a leadership role?” Encourage seasoned directors to guide new leaders through mentoring, especially from under-represented sectors.

**Designated Seats** – Some organizations ensure diversity by designating one or more board seats to a desired category of the membership. While this guarantees diversity in composition, be cautious about adding persons who think they serve only to represent a certain perspective; and think twice before enlarging the board.

**Nominations** – Ensure that the nominating committee represents and respects diversity in recommending leaders.

Changing the image of a non-diverse well-entrenched board might take some open and frank discussions. The outcome will support a healthy association. Be sure to enlist the aid of professionals in this topic.

# # #

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## **Do We *Really* Need A Strategic Plan?**

Bob Harris, CAE

The newly elected president walked into the executive director's office to discuss the year ahead. He brought a notepad filled with 13 projects to achieve before his term ends.

How might the executive respond?

Start by thanking him for sharing his priorities. Follow that with, "Let's look at our strategic plan to see how your projects fit." The aim is to show that his interests might already be part of the strategic plan or to discuss how they can fit.

If they don't align the discussion might ensue, "What should we adjust in our existing plan to integrate your goals so as not to exhaust our resources?" The conversation would benefit by including the executive officers.

The approach shows the importance of a strategic plan to guide the association through successive leadership, avoiding year to year distractions.

### **Strategic Planning is NOT Dead**

You might have heard, "Strategic planning is dead." The statement is not meant to for associations to abandon planning. Simply the processes and outcomes have evolved.

Planning retreats are opportunities for directors to consider the future. It is different from board meetings where attention is generally focused on the current year.

Planning that used to take months or weeks can be done in less than a day with proper preparations. Reports that were 20 to 100 pages have been pared down to a page or two. Rather than starting anew at every retreat, boards have realized it's smart to build upon the prior plan.

Terminology has changed. Strategic drivers might be set to frame decision making. Mission and vision statements have been combined. A plan champion or Sherpa may be appointed to monitor and report on progress. Staff track progress on a program of work.

### **Association GPS**

The plan sets a destination and describes a roadmap. Consider it the organization's guiding GPS – goals, priorities and strategies.

The road map should be the primary guide for board, committees and staff. When proposals are made, directors should question, "Why are we talking about this if it is not in our plan?"

### **Staff Rely on a Plan**

Several association executives offered perspectives on planning:

There is an old adage, "If you don't know where you are going any road will get you there." The strategic plan is our road map which, when properly used, will focus and prioritize the financial and human resources to meet significant goals and objectives, explains Glenn East, CAE and executive director at the **Northeast Florida Association of REALTORS®**.

At the **Retail Association of Maine**, CEO and CAE Curtis Picard says, "Having a strategic plan with 3 to 5 clear goals enabled us to focus our limited resources on the things that matter. While it is sometimes easy to say yes to an idea, the strategic plan gave us the criteria to determine if it was mission critical or not. Finally, the plan made our board meetings run much more smoothly once we centered the agenda on the specific goals."

Erica Huffman, CEO at the **Escambia County Medical Society** avows, "Having a strategic plan gives the association a sense of direction. It is a road map and without it, it is easy to get lost among the variety of task and projects the association manages."

Charlene Wandzilak, executive director at the **Pennsylvania Veterinary Medical Association** offers, "Having a strategic plan which is referred to regularly and monitored for progress helps provide a vital road map for times when the organization wants to overcommit itself and not focus on its true purpose or tries to be all things to all people. It also provides direction on where to focus resources, energy, time and effort to make the most impact for our members and our organization's overall success."

The **San Diego County Dental Society's** executive Michael Koonce, CAE says, "The plan is our primary guide. It's our association's mandate on what it is we want to accomplish and our staff's marching orders on where and how to focus our time. If done right, it's also the measure of whether or not we are successful. I can't imagine working without one."

### **Overcoming Objections**

Some boards refute the value of planning. The most common reason, “We just don’t have time for a retreat.”

Planning retreats got a bad rap because they began with games, trust-falls, and group hugs. Directors roll their eyes when they are told to stand up and pick a partner.

Some directors dislike having a plan because they prefer to offer suggestions at will. Without goals to frame board work, the discussions fall to the latest crisis, personal priorities or the “good ideas” tossed on the board table.

Another objection is cost. Hosting a retreat and compensating a facilitator requires a budget. If the price seems high, remember most plans are for three years or longer – amortize the amount over three years and it’s a small cost for a roadmap.

When the board says we don’t need a plan, use this rationale:

- Planning retreats require an investment of time, though an effective plan can be developed with advance work in under a day.
- A plan lends support to advocacy. The description of the organization and its priorities demonstrates how the organization benefits the community and society.
- A plan should always be on the board table. Transform the plan into a placemat format, laminate it, and keep it front and center at meetings. As ideas are offered, check how they fit in the plan or what must be adjusted to accommodate a new program.
- The plan is integral to membership recruitment and renewal. It should answer, “Why belong?” Members should know of the organization’s goals and strategies.
- Incoming directors should ask, “Where is the strategic plan, our job is to advance it.” Directors offering “good ideas” or hoping to leave a legacy is counter-productive.
- Staff rely on the plan to align work with board priorities. A staff developed business plan supports the board’s strategic plan.
- Committees need to be familiar with the plan so their work can advance its elements.

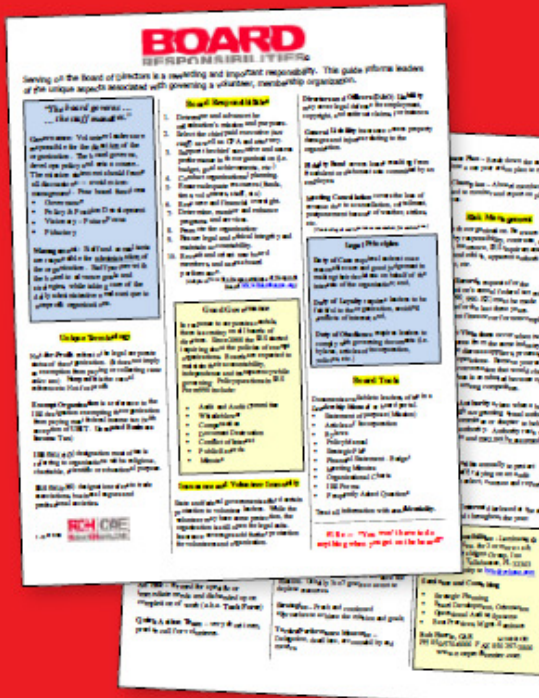
- The plan tracks progress and performance. Without a plan efforts may go in any direction.
- The plan is as important as the governing documents and budget; directors should read them all to fulfill fiduciary duties.
- The planning retreat is not just about adding new ideas; it is a time to evaluate programs and *drop* what has low relevance.

# # #

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