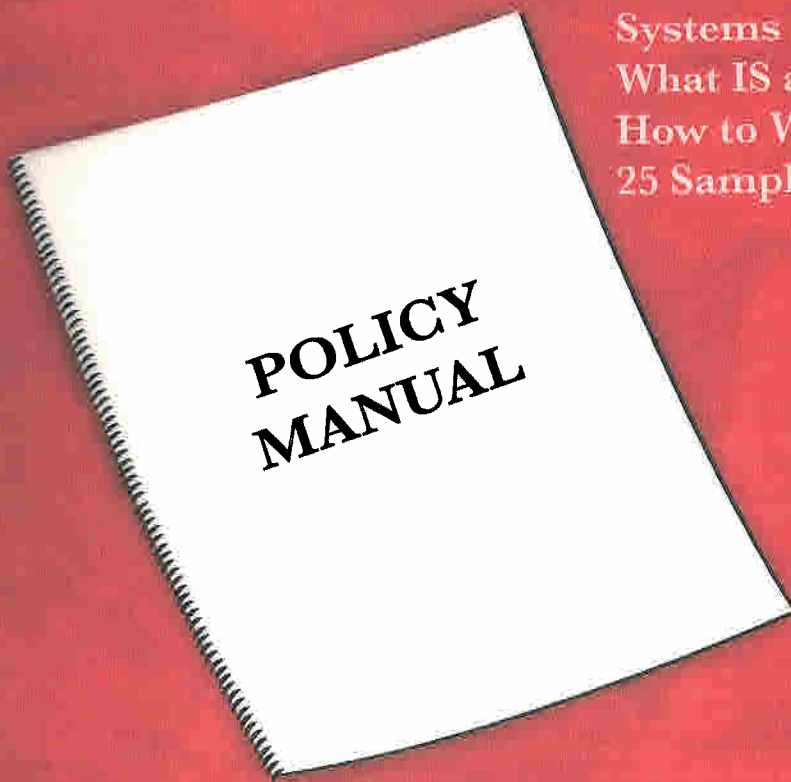


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What IS a Policy?
How to Write Effective Policies
25 Sample Policies

RCH CAE
Robert CHarris, CAE

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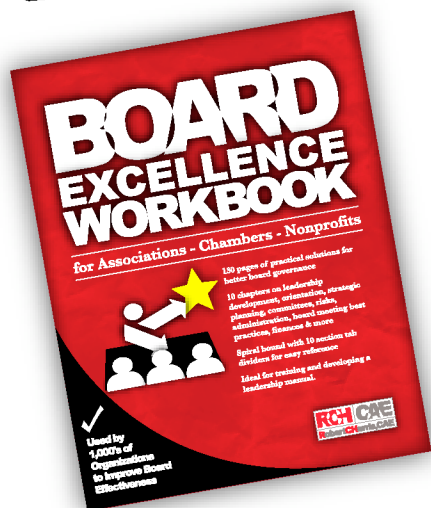
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Common Policies in NonProfit Organizations

E-Mail - Internet Policy	Fiduciary Bond
Internet Usage	Convention Cancellation
E-Mail	Insurance
Downloading Software	Endorsements and Affinity Programs
Apparent Authority	Committees
Credit Card Usage	Strategic Goals
Investment Policy	Committee Liaisons
Financial Audit	Authority
Record Retention	Committee Original Works
Legal Audit	Travel Protocol
Distribution of Meeting Minutes	Staff Travel
CEO Performance Evaluation	Notification of Travel
Consent Agenda	Diversity - Inclusivity
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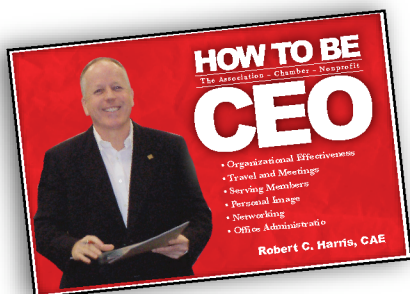
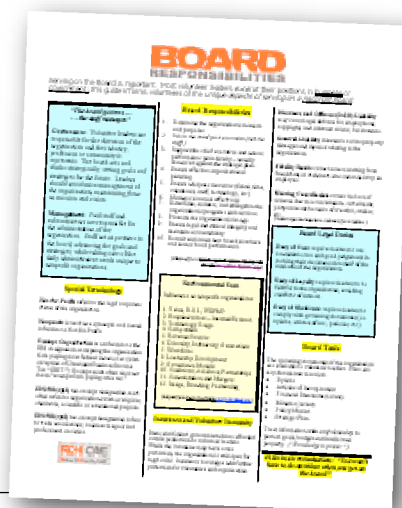
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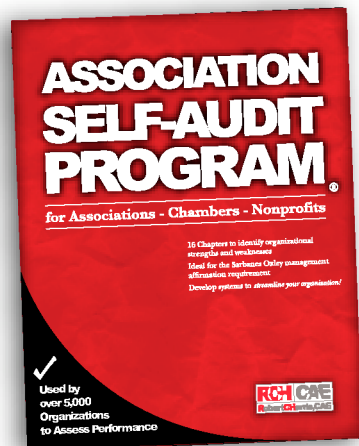
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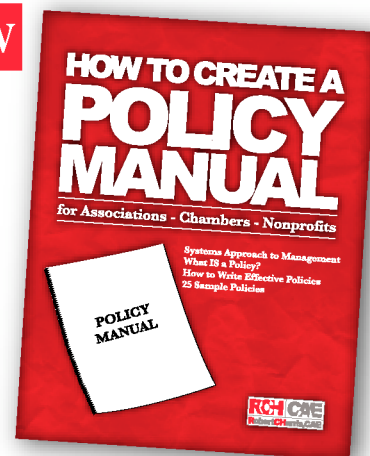
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Board Policy is Good Policy

Why and how your board should develop its policies

included on the board of directors: health care, finance, technology, economic development and education, in addition to two persons representing regional interests.”

In this example, the board has defined the broad bylaws statement as to what they feel is best for the chamber. They did not amend the bylaws—a rather cumbersome process requiring membership meetings—but instead adopted a policy to translate the broad statements found in bylaws and articles.

More efficient board

Policies facilitate efficiency in the board. Without written policies, issues and even bylaws may be debated ad nauseam. With a policy manual, the principles and solutions are readily available.

If no manual exists, the staff is directed to search years of meeting minutes to find what and why decisions were made. Future leaders will rehash the same discussions by previous boards because they did not have access to a manual of policy statements.

Likewise, for a board to understand and uphold the corporate principle of “duty of obedience,” it should receive a policy manual, as well as the bylaws and articles. It is distributed at the time of leadership orientation or posted on a secure website for leadership to reference.

Who writes policy?

The board adopts some policies naturally. Someone may say, “we need a policy on who gets to use credit cards.”

Directors discuss the issue and then pass a motion to reflect their discussion.

More elaborate policies, requiring research or outside counsel, may be proposed by chamber staff. For example, staff may ask a financial advisor to recommend an investment policy. The recommendation will be reviewed for formal adoption at a meeting of the

board and subsequently will transition from staff recommendation to a policy.

The rationale of a policy on investments, is that it serves as a guide to make investment and transfer funds without asking the board for approval—because it is a policy. Further, it ensures that a future treasurer or aggressive board does not buy a risk stock on a whim without consulting with and following the adopted policy on investments.

What makes a good policy

Good policies are future oriented, solving a problem of the day while offering solutions for future leaders. As with bylaws and articles, a policy statement should be broad so that it will not have to be revised frequently.

When creating a policy, it is wise to include the rationale for its development. For example, the board may adopt a policy on savings and reserve by suggesting “that a minimum of half of the annual operating budget must be in reserve at all times.” The rationale that supports the policy statement might read, “to be prepared for emergencies, the board determined that six months of the operating budget should be the goal for saving money and protecting the chamber if an emergency or government issue were to arise.”

Contrasts in policies and procedures

Board members sometimes refer to “policies and procedures.” The terms refer to different aspects of chamber governance and management.

Policies are originated by the board and recorded in the minutes as motions. In turn they are transcribed into a policy manual.

Procedures originate with the staff and are stored in a procedures or operations manual. The board should not receive a procedures manual because they are not responsible for administration.

A policy manual is a cornerstone of good governance and board orientation. The manual nearly eliminates a volunteer asking, “how was I supposed to know that?” These statements pass along the wisdom of the board to future leaders, assist staff in administration, record desired outcomes, and establish values or principles for the organization. They form an historical record upon which future leaders can rely.

Policies are statements of principle adopted by the board to promote a standard or suggest a practice for the chamber. If no policy manual has been created, they can be found as motions in the board meeting minutes.

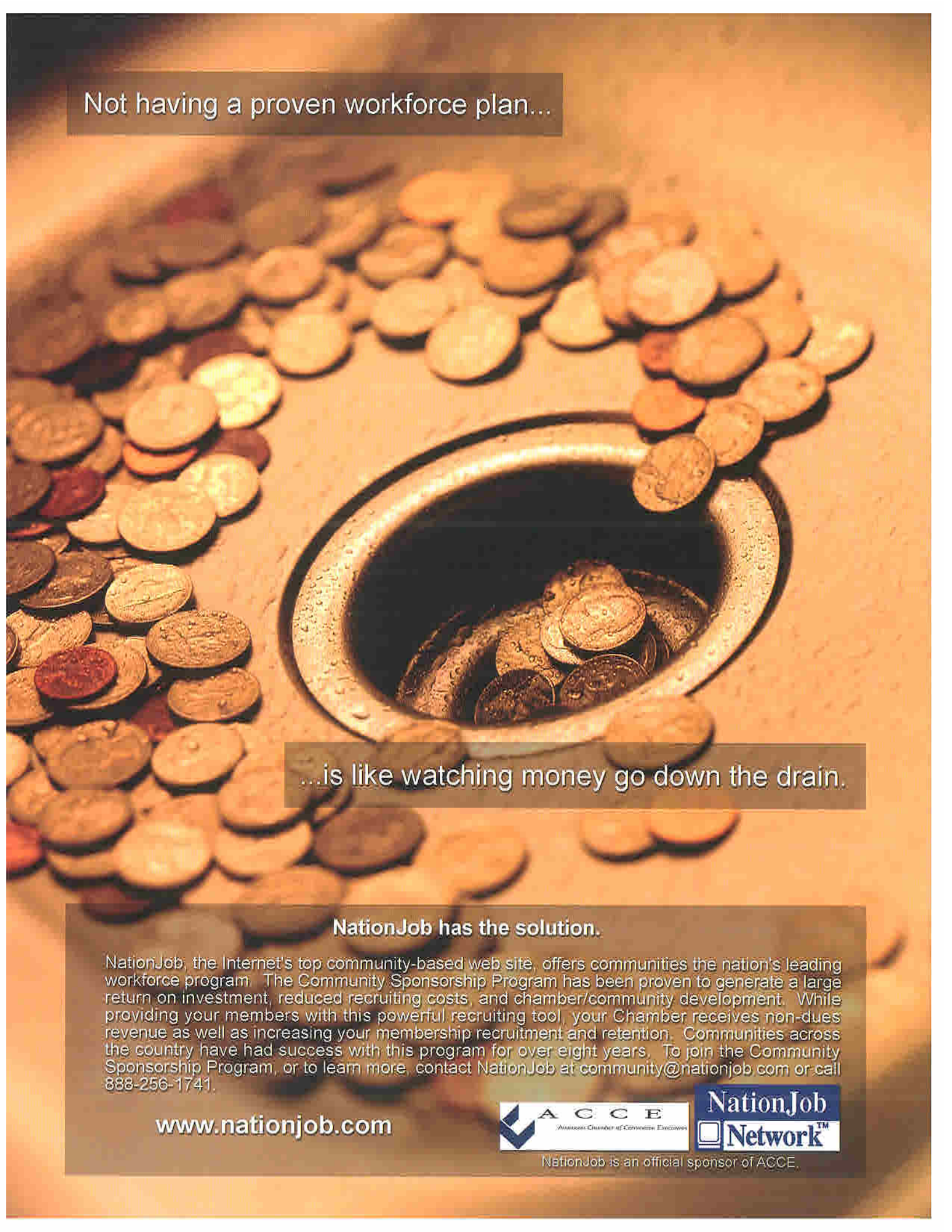
Policies interpret the chamber’s primary governing documents: the mission statement, bylaws and articles of incorporation. These documents are purposely broad to provide room for translation and application in governance and management. The board translates the intent of the governing documents by creating more precise policies.

Defining broad concepts

Here’s an example of how a policy statement interprets a bylaws requirement. The bylaws may state “the size of the board shall be between 9 and 21 persons.”

Experience and member input has made the leadership realize that key elements of board composition favorably impact the organization and its position in the community.

Thus, they interpret the bylaws statement calling for 9 to 21 persons with a policy that reads: “At least one person from the following categories shall be



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Unlike other manuals

The policy manual is distinct from other chamber manuals.

A *procedures manual* is based upon administration and developed by staff. It records all aspects of managing the chamber from membership processing to bank deposits.

An *employee handbook* or *personnel manual* is based on labor laws and carries significant legal implications. The personnel manual should not be consolidated into a "policies and procedures manual" or board orientation book.

The *leadership manual* or *board book* may contain the policy manual, or it can stand-alone.

Starting from scratch

If no policy manual exists, discuss with the board its purpose and importance. If they agree with a need for a policy manual, suggest that the minutes for the last five years should be a good starting point.

Make copies of the minutes and highlight each motion that sets a principle.

For example, holding the annual meeting at the convention center is not a policy. Stating that all elected officials should always be invited to attend the annual meeting for free is a policy statement. Include any discussion of rationale as a subset of the official policy and the date of the meeting where it was adopted.

Enter the highlighted motions into a word processor and create a table of contents. Organize the policies by categories to create a table of contents. For example, there may be sections on finances, committees, awards, membership and so on.

Provide the new policy manual to the board and update it as policies are created or annually.

Distinguishing the "P" words

Several words are confused with the term "policy" that start with the letter "P." Each has a distinct origination, purposes and archiving method or manual. Terms which are easily confused with "policies" are positions, precedents, practices, procedures, and personnel policies.



See figure 1 for a detailed break down of these terms.

Blame it on policy

Questions will arise from members, volunteers, committees and community leaders that can be answered more authoritatively by referencing an adopted policy.

For instance, if a question arises a volunteer leader having chamber stationery, the staff might answer, "I'm sorry, we don't allow that." The answer could cause misunderstanding by the volunteer.

see Board Policy, page 15

Figure 1

Term	Origination	Archival-Retrieval	Notes—Examples
Policies	Developed by board or staff and always approved by a motion of the board and recorded in the minutes.	Transcribed into the chamber's official Policy Manual to reflect the wisdom of the board and translation of the articles and bylaws.	Distributed at the board orientation with the leadership manual to promote "Duty of Obedience," (awareness of the governing documents.)
Positions	Developed by a committee, board or house of delegates; most often related to government affairs and public positions in the community.	Listed in a chamber brochure describing current administration public policy, positions or platforms.	Our position is in support of an increase in sales tax.
Precedents	An action that has been previously conducted. Not an official statement.	Seldom recorded in any official manner for future use; kept in the memories of staff.	We have a precedent for providing copies of the minutes to anyone whom asks.
Practices	A routine by staff in processing information.	Not recorded anywhere; generally in the memory of staff trying to do the best thing.	We have always done it that way.
Procedures	Developed and documented by the staff regarding every activity in the chamber. (I.e. membership renewal processes, bank deposits, etc.)	Maintained by staff in a complete operations manual.	Not a responsibility of the board. Ideal for chamber president succession and leaving a legacy.
Personnel Policies	Based on state case law and federal labor law. Created by a human resource specialist and/or attorney.	Maintained in a Personnel Manual.	The board does not receive the personnel manual unless requested for a specific purpose. (The board's job is not personnel issues; that is the role of the chamber president.)

If staff answers, "the board has carefully considered and developed a policy on that issue," the volunteer is more understanding. It removes any personal aspects of the denial and shifts the emphasis to a previously board adopted policy.

Sunsetting policies

Many organizations review their policy manual on a periodic basis (i.e. every three years) for the purpose of updates and clean up.

A task force, the elected secretary or staff should recommend to the board which policies to keep, drop or amend. The sunset can be used to void the entire policy manual if it is not reviewed and updated by the specified date; one way to be sure the board has read the manual and it remains current.

Old policies may be scrapped and removed from the manual. Other organizations prefer to reflect the history of policy adoption so they move the outdated policies to an appendix of the manual.

Conclusion

Policies promote principles and translate the bylaws and articles of incorporation. Good governance and management is carried out with confidence and consistency with a policy manual. Transcribe policies from the board minutes into a manual for improved governance and orientation.

Bob Harris, CAE, conducts strategic planning, governance and operating audits. He is author of the *How to Create a Policy Manual which include 25 policy samples*. Visit www.nonprofitcenter.com for more information. You can contact him at bob@rchcae.com.

Common Policies

Some organizations have a policy manual that covers decades in a detailed notebook. They include every policy amendment and date of adoption.

Other chambers operate effectively with a handful of key policies recorded in a manual of 10 or fewer pages. With today's busy volunteers, less might be best.

The most common policies in nonprofit organizations include:

- Record Retention—Document Destruction
- Logo Usage
- Apparent Authority—Stationery Usage
- Confidentiality
- Investments
- Insurance Coverages
- Strategic Governance and Plans
- Antitrust Avoidance
- Savings Reserves
- Credit Card Usage
- Check Signing Authority
- E-Mail—Computer Usage
- Software Licenses and Downloads
- Liquor and Hospitality Suites
- Endorsements—Affinity Programs
- Affiliates and Subsidiaries
- Whistleblowers
- Executive Sessions
- Member Data Privacy
- Listservs—Bulletin Boards
- Diversity—Inclusivity
- Intellectual Property Ownership

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