

BOARD ROLES & GOALS

for Associations - Chambers - Nonprofits

**The Responsibilities
of Volunteer Leaders**

**Setting Strategic
Direction and Goals**

GOALS



BENCHMARKS



**Guide for effective
Association, Chamber
and Non-Profit governance**



Leadership Guide – 2010

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Favorite Membership Quote

“Every man owes a part of his time and money to the business or industry in which he is engaged. No man has a right to withhold his support from an organization that is striving to improve conditions within his sphere.”

Teddy Roosevelt - 1908

Pre-Session Leader Quiz

1. Our Mission Statement

- ☐ I can state it from memory.
- ☐ It needs to be updated.
- ☐ Does it really matter?

IRS Designation?

501(c)(3) ☐

501(c)(6) ☐

Other _____

2. Finances

- ☐ I know the size of our budget to within: \$500__ \$5,000__ \$50,000__ \$500,000__
- ☐ I know how much we have in reserve-savings. Yes__ No__ \$_____
- ☐ I know our budget's largest revenue streams.
- ☐ Ratio of budget income: dues __ % *versus* non-dues __ % (=100%)

2a. Antitrust is a worry for the big guys only? ☐ Yes ☐ No ☐ Duh?

3. Board Staff Distinction

- ☐ The board has one employee.
- ☐ The board has multiple employees whom we evaluate and assign bonuses.
- ☐ Micromanagement seems natural and we should oversee the office.
- ☐ The CPA/Attorney works for: the board ☐ the CEO ☐.

4. Membership Market Penetration

- ☐ I'm satisfied with the percentage of members we have compared to the total market potential of prospects: Yes__ No__
- Our membership represents % of the prospects: About: 25%__ 50%__ 75+%__

5. Member Benefits and Services

- ☐ The benefits and services are relevant and offer high return on investment.
- ☐ Our "golden handcuff" benefit is:_____

6. To Protect the Organization we Have:

- ☐ CPA to conduct independent financial: Audit ☐ Review ☐ Compilation ☐
- ☐ Rely on the governments' "volunteer immunity" statute (Who needs insurance?)
- ☐ Insurance: D & O ☐ General Liability ☐ \$ Bond ☐ Meeting Cancellation
- ☐ Have legal counsel available.

7. The **top challenge** I anticipate during my service on the board of directors?

IRS 501(c) Designations

	Type of Organization
501(c)(1)	Corporations Organized Under Act of Congress (including Federal Credit Unions)
<u>501(c)(2)</u>	Title Holding Corporation For Exempt Organization
501(c)(3)	Religious, Educational, Charitable, Scientific, Literary, Testing for Public Safety, to Foster National or International Amateur Sports Competition, or Prevention of Cruelty to Children or Animals Organizations
501(c)(4)	Civic Leagues, Social Welfare Organizations, and Local Associations of Employees
<u>501(c)(5)</u>	Labor, Agricultural, and Horticultural Organizations
<u>501(c)(6)</u>	Business Leagues, Chambers of Commerce, Real Estate Boards, Etc.
<u>501(c)(7)</u>	Social and Recreation Clubs
<u>501(c)(8)</u>	Fraternal Beneficiary Societies and Associations
501(c)(9)	Voluntary Employees' Beneficiary Associations
<u>501(c)(10)</u>	Domestic Fraternal Societies and Associations
501(c)(11)	Teachers' Retirement Fund Associations
<u>501(c)(12)</u>	Benevolent Life Insurance Associations, Mutual Ditch or Irrigation Companies, Mutual or Cooperative Telephone Companies, Etc.
<u>501(c)(13)</u>	Cemetery Companies
<u>501(c)(14)</u>	State Chartered Credit Unions, Mutual Reserve Funds
501(c)(15)	Mutual Insurance Companies or Associations
501(c)(16)	Cooperative Organizations to Finance Crop Operations
501(c)(17)	Supplemental Unemployment Benefit Trusts
501(c)(18)	Employee Funded Pension Trust (created before June 25, 1959)
<u>501(c)(19)</u>	Post or Organization of Past or Present Members of the Armed Forces
<u>501(c)(20)</u>	Group Legal Services Plan Organizations
<u>501(c)(21)</u>	Black Lung Benefit Trusts
501(c)(22)	Withdrawal Liability Payment Fund
<u>501(c)(23)</u>	Veterans Organization (created before 1880)
<u>501(c)(25)</u>	Title Holding Corporations or Trusts with Multiple Parents
<u>501(c)(26)</u>	State-Sponsored Organization Providing Health Coverage for High-Risk Individuals
<u>501(c)(27)</u>	State-Sponsored Workers' Compensation Reinsurance Organization

Scrutiny on NonProfit Organizations

Good Governance Practices for 501(c)(3) Organizations (Rev 2008)

The IRS believes that governing boards should be composed of persons who are informed and active in overseeing a charity's operations and finances.

While adopting a particular practice is not a requirement for exemption, we believe that an organization that adopts some or all of these practices is more likely to be successful in pursuing its exempt purposes and earning public support.



1. Mission Statement

A clearly articulated mission statement that is adopted by an organization's board of directors will explain and popularize the charity's purpose and serve as a guide to the organization's work. A well-written mission statement shows why the charity exists, what it hopes to accomplish, and what activities it will undertake, where, and for whom.

2. Code of Ethics and Whistleblower Policies

The board of directors bears the ultimate responsibility for setting ethical standards and ensuring they permeate the organization and inform its practices. To that end, the board should consider adopting and regularly evaluating a code of ethics that describes behavior it wants to encourage and behavior it wants to discourage.

The board of directors should adopt an effective policy for handling employee complaints and establish procedures for employees to report in confidence suspected financial impropriety or misuse of the charity's resources. Such policies are sometimes referred to as *whistleblower* policies.

3. Due Diligence

The directors must exercise due diligence consistent with a duty of care that requires a director to act:

- In good faith;
- With the care an ordinarily prudent person in a like position would exercise under similar circumstances;
- In a manner the director reasonably believes to be in the charity's best interests.
- Directors should see to it that policies and procedures are in place to help them meet their duty of care. Such policies and procedures should ensure that each director:
- Is familiar with the charity's activities and knows whether those activities promote the charity's mission and achieve its goals;
- Is fully informed about the charity's financial status; and
- Has full and accurate information to make informed decisions.

4. Duty of Loyalty

The directors owe it a duty of loyalty. The duty of loyalty requires a director to act in the interest of the charity rather than in the personal interest of the director or some other person or organization. In particular, the duty of loyalty requires a director to avoid conflicts of interest that are detrimental to the charity. To that end, the board of directors should adopt and regularly evaluate an effective conflict of interest policy that:

- Requires directors and staff to act solely in the interests of the charity without regard for personal interests;
- Includes written procedures for determining whether a relationship, financial interest, or business affiliation results in a conflict of interest; and
- Prescribes a certain course of action in the event a conflict of interest is identified.

Directors and staff should be required to disclose annually in writing any known financial interest that the individual, or a member of the individual's family, has in any business entity that transacts business with the charity. Instructions to Form 1023 contain a sample conflict of interest policy.

5. Transparency

By making full and accurate information about its mission, activities, and finances publicly available, a charity demonstrates transparency. The board of directors should adopt and monitor procedures to ensure that the charity's Form 990, annual reports, and financial statements are complete and accurate, are posted on the organization's public website, and are made available to the public upon request.

6. Fundraising Policy

The board of directors should adopt and monitor policies to ensure that fundraising solicitations meet federal and state law requirements and solicitation materials are accurate, truthful, and candid.

7. Financial Audits

Directors must be good stewards of a charity's financial resources. A charity should operate in accordance with an annual budget approved by the board of directors. The board should ensure that financial resources are used to further charitable purpose by regularly receiving and reading up-to-date financial statements including Form 990, auditor's letters, and finance and audit committee reports.

The board can establish an independent audit committee to select and oversee the independent auditor. The auditing firm should be changed periodically (e.g., every five years) to ensure a fresh look at the financial statements.

8. Compensation Practices

Charities should generally not compensate persons for service on the board of directors except to reimburse direct expenses of such service. Director compensation should be

allowed only when determined appropriate by a committee composed of persons who are not compensated by the charity and have no financial interest in the determination.

9. Document Retention Policy

Adopt a written policy establishing standards for document integrity, retention, and destruction. The document retention policy should include guidelines for handling electronic files. The policy should cover backup procedures, archiving of documents, and regular check-ups of the reliability of the system. For more information see IRS Publication 4221, *Compliance Guide for 501(c)(3) Tax-Exempt Organizations*, available on the IRS [website](#).

Tax-Exempt Organization Complaint (Referral) Form

1. NAME OF REFERRED ORGANIZATION: _____

Street Address: _____

City/State/Zip Code: _____

Date of Referral: _____

2. ORGANIZATION'S EMPLOYER IDENTIFICATION NUMBER (EIN): _____

3. NATURE OF VIOLATION:

- ☐ Directors/officers/persons are using income/assets for personal gain
- ☐ Organization is engaged in commercial, for-profit business activities
- ☐ Income/assets are being used to support illegal or terrorist activities
- ☐ Organization is involved in a political campaign
- ☐ Organization is engaged in excessive lobbying activities
- ☐ Organization refused to disclose or provide a copy of Form 990
- ☐ Organization failed to report employment, income, or excise tax liability properly
- ☐ Organization failed to file required federal tax returns and forms
- ☐ Organization engaged in deceptive or improper fundraising practices
- ☐ Other (describe): _____

4. DETAILS OF VIOLATION:

Name(s) of Person(s) Involved: _____

Organizational Title(s): _____

Date(s): _____

Dollar Amount(s) (if known): _____

Description of activities: _____

5. SUBMITTER INFORMATION:

Name: _____

Occupation or Business: _____

Street Address: _____

City/State/Zip Code: _____

Telephone: _____

☐ I am concerned that I might face retaliation or retribution if my identity is disclosed.

6. SUBMISSION AND DOCUMENTATION: The completed form, along with any supporting documentation, may be mailed to IRS EO Classification, Mail Code 4910DAL, 1100 Commerce Street Dallas, TX 75242-1198, faxed to 214-413-5415 or emailed to eoclass@irs.gov.

IRS Policy Focus

In 2009 the IRS redesigned *Form 990 – Return of Organization Exempt from Income Tax*. The form includes a focus on policies.

Refresher on Policies

The purpose of a policy is to interpret the broader governing documents: the bylaws, articles of incorporation and purpose statement. The board adopts policy as motions recorded in the meeting minutes.

The policies are transcribed from the minutes so they can be archived and referenced in the organization's policy manual. They represent the wisdom of current board to be passed along to successive volunteer leaders.

Policy	Actual Question	Recommendation
Record Retention (Part VI, Sect B, 14)	Does the organization have a written document retention and destruction policy?	Ideally, contact a CPA <i>and</i> attorney for record retention schedules. Carefully review it and add documents particular to the organization, for instance, continuing education records or grievance files. (Be sure to consider state requirements in addition to federal.)
Whistleblower (Part VI, Sect B, 13)	Does the organization have a written whistleblower policy?	Adopt a policy that encourages staff and volunteers to come forward with credible information on illegal practices, without retribution. The statement may also be included in a personnel manual.
Conflicts of Interest (Part VI, Sect B, 12)	Does the organization have a written conflict of interest policy? If yes, are the officers, directors or trustees, and key employees, required to disclose annually interests that could give rise to conflicts? Does the organization regularly and consistently monitor and enforce compliance with the policy? If yes, ... how is this done?	Board should discuss the concept of conflicts of interest, how to give notice to leaders and its application through the year. The discussion should result in a COI policy applicable to volunteer leaders and staff. Some organizations ask at every board member while reviewing the agenda if any director has a conflict of interest to disclose.
Audit and Audit Committee (Part XI, 2)	Were the organization's financial statements audited by an independent accountant? If yes, does the organization have a	Seemingly broad enough to allow for a choice of an audit, review or compilation. Indicates need for a subgroup of the board to serve as the

Policy	Actual Question	Recommendation
	committee that assumes responsibility for the oversight of the audit, review or compilation ... and its selection of an independent accountant?	audit committee. A policy might indicate that the “finance committee also serves as the audit committee,” especially in organizations with limited volunteers.
Meeting Minutes (Part VI, Sect A, 8)	Does the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: (a) the governing body; (b) each committee with authority to act on behalf of the governing body?	While most organizations are careful to record appropriate board meeting minutes, this IRS question may expand a policy so that committees must keep minutes.
Public Records (Part VI, Sect C, 18)	IRS Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990 and 990-T (501c3s only) available for public inspection. Indicate how you make these available. Describe in Section O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.	This question promotes transparency and public awareness. The board should consider what is required to be public (distinguished from what should be treated with confidentiality) and establish policy and processes for compliance.
Compensation (Part VI, Sect B, 15)	Did the process of determining compensation of the following persons [for CEO, Executive Director, or top management official] include a review and approval by independent persons, comparability data and contemporaneous substantiation of the deliberation and decision?	To ensure that compensation is comparable to other nonprofit organizations in the region --- and commensurate with the mission and goals of the organization --- many organizations turn to their national and state society of association executives or chamber executives.

7 Errors in Developing Policies

Avoid these errors as the board delves into policy development.

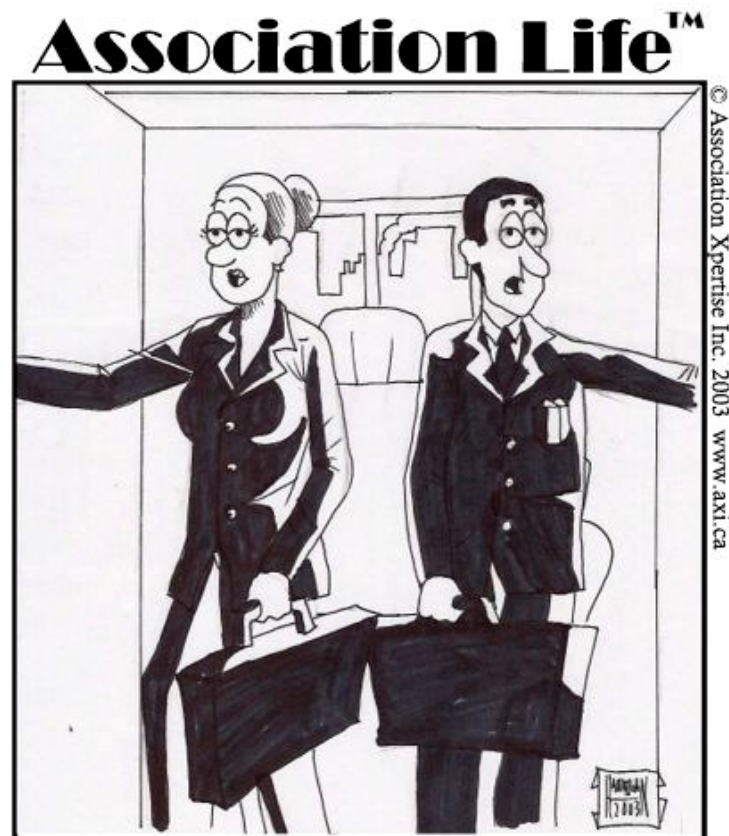
1. **Amending the Bylaws** – Don't be swayed by the volunteer who says, "We need to get that in our bylaws." Let the bylaws remain as a broad governing document; the policies should interpret the bylaws but not be included in them.
2. **Conflicting Documents** - Policies should not conflict with the existing governing documents. View policies as the wisdom of the board in interpreting the bylaws and articles.
3. **Asking the Board to Approve Dozens of Policies** – It can be a mistake to ask the board to sit for hours to review and adopt policies. Assign policies to a committee or staff to review and make recommendations. The board makes the final motion and adoption. Hint: Let policy discussions arise naturally, for example the audit policy may occur when the budget is approved and the line item to fund an audit, review or compilation is discussed.
4. **The Minutes Archival System** – Some executive directors say, "We don't have a policy manual but I can tell you exactly when it was adopted." After meetings or annually, transcribe policies into a manual. Hint: When transferring the policy, reference the date of the meeting in which it was adopted or amended.
5. **Environmental Scan** – Your board is not the first to discuss a conflict of interest policy. Conduct an environmental scan of other associations to determine what they adopted; rely on the resources at ASAE, ACCE, NCNA and their local organizations; and utilize legal and accounting counsel.
6. **Policy Mania** – A good number of policies in a nonprofit is 25 to 50. If the organization has a manual exceeding 100s of statements, or is out-of-date, consider a sunset review. Appoint a task force to review and recommend policies to add or delete.
7. **It Doesn't End with Policy** – Nearly every policy results in *procedures*. For instance, a policy on conflicts of interest will result in the need for procedures to educate the board annually, create and distribute a disclosure form, and to properly record conflicts in the minutes.

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Roles and Responsibilities

Board members have significant responsibilities for guiding and governing the organization. Their role is significantly different from that of administrative staff. In recent years, there is more scrutiny on boards of directors to make sure they are fulfilling duties.



**"I didn't say anything during the meeting,
but I don't agree with the rest of the Board
on this issue."**

Purpose of the Board

Directors should know the “big picture” of the board’s major functions. Most organizations rely on the board to fulfill **four fundamental roles**. (These roles vary significantly from the functions of the executive directors and management staff.)

Governance – Through the authority granted in the articles of incorporation and bylaws, the board is responsible for governing the organization.

Governance is a broad oversight and is not considered a function of management or administration (staff roles.)

Policy and Position Development – The board reviews and develops policy and positions that will guide the organization and its stakeholders. *Policies* are adopted for the recurring and critical issues that arise, in the form of a motion, to guide future boards and staff. *Positions* tend to relate to governmental platforms.



Visionary – The board sets the course for the organization well into the future. Though a director may term limitations in the sense of number of years or number of terms, there is a need to think beyond one’s term in order to guide the organization and the community it represents. Evidence of being visionary is a reliance on the strategic plan, including a clear mission and vision.

Fiduciary – The fiduciary duty is a relationship of confidence or trust between two or more parties. The board has responsibility to protect the organization and its resources.

IRS Official Definitions	
Governing Body	Executive Director
The group of persons authorized under state law to make governance decisions on behalf of the organization and its shareholders or members.	The person who has ultimate responsibility for implementing the decisions of the governing body.

Board, Staff or Committee Function?

Who is Responsible?	Board	CEO/Staff	Committee
1. Approve the annual budget.	✓		
2. Make staff hiring decisions for other than the Exec. Dir.		✓	
3. Develop (review) programs or services.		✓	✓
4. Assess the performance of the board			
5. Encourage and enforce board accountability.			
6. Assess the performance of the executive director.			
7. Approve the 990 tax report for submission to the IRS.			
8. Establish policies.			
9. Set the agenda for the Board meetings.			
10. Monitor income and expenses on a daily basis.			
11. Select the auditor/CPA.			
12. Revise the organization's mission statement.			
13. Exercise fiduciary oversight of the organization.			
14. Identify, recruit and select new Board members.			
15. Create a fundraising plan.			
16. Create a strategic plan.			
17. Create a business plan of action.			
18. Engage in day-to-day management of the organization.			
19. Create organization positions and resolutions.			
20. Create organization procedures.			
21. Renew insurance coverages.			
22. Budget for staff education.			
23. Identify future volunteer leaders.			
24. Appoint committees.			

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The Governing Documents (4)

What are my “governing documents?” There are four that create the framework for a nonprofit organization.

Board members should be asked to read the governing documents. The corporate concept of “duty of obedience” requires adherence to these documents.

Mission Statement

The mission statement --- or statement of purpose --- is the single most important governing document. It is the justification for the IRS issuing tax-exempt status to the organization.

Duty of Obedience

requires the board to act in accordance with the organization’s rules and policies, and in furtherance of its goals as stated in the mission statement, articles of incorporation and bylaws.

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

Articles of Incorporation

The articles of incorporation (sometimes referred to as the charter or constitution) are the primary rules governing the management of a corporation, and are filed with a state or other regulatory agency. State legislatures may amend the law periodically; thus staff must monitor changes to state corporate law.

Relationship of the Governing Documents

Each organizational document has a specific relationship to a governing or membership body.

Statement of Purpose
(Mission Statement) > IRS

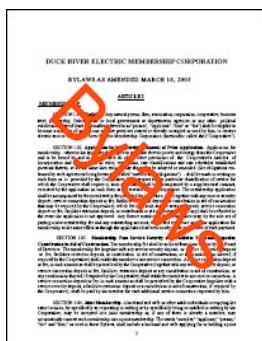
Articles > State

Bylaws > The Membership

Policies > Interpretation of all the Above

Bylaws

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

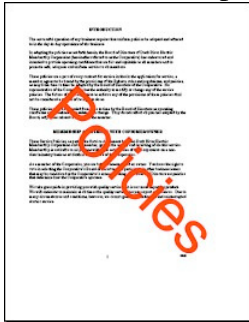


The founding directors draft the initial bylaws under the authority of its articles of incorporation. Bylaws generally cover topics such as membership categories, how directors are elected, how meetings are conducted, standing committees, and descriptions of responsibilities.

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

Policies

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



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

In closing, these four governing documents should be in a format that are easily read and understood by the board so that they may fulfil their responsibilities.

#

Create a Leadership Manual

What documents you expect to review in the board's leadership manual or on-site "board room."

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The Governing Documents

Hierarchy of Governing Documents

Guide to the hierarchy, origin, purpose and application of the seven governing documents for exempt organizations in the USA. Listed in order of hierarchy. *Be sure to rely on authorities for counsel, including the IRS, the state Division of Corporations, legal, accounting and insurance professionals.*

Document	Linkage	Source and Purpose
Mission Statement	Federal Gov't.	A brief statement of the purpose of an organization. The mission statement guides the actions of the organization, spells out its overall purpose, provides a sense of direction and guides decision making. Mission statements often answer three questions. (1) Who are we, (2) whom do we serve, (3) what do we offer? The IRS requires submission of the statement of purpose for all exempt organizations on Form 1023 or 1024 . Thereafter, it is submitted annually on IRS Form 990 . If the mission is vague or lost, review Form 990 to determine what was submitted or find the original application for exemption. The preamble to the bylaws and articles of incorporation may identify the mission. Enhancements to the mission may occur at the strategic planning retreat. [Activities outside the mission statement may cause unrelated business income tax (UBIT) .]
Articles of Incorp.	State Gov't.	A legal document filed with state government setting forth the purposes and regulations of the organization. At the time of founding, most exempt organizations register as a not-for-profit corporation . States have varied regulations. Many states post the articles or supporting information on their official government website. Annual filing is usually required.
Bylaws	Board and Members	The rules adopted to govern and regulate internal affairs. Bylaws generally include, for instance, procedures for meetings, committees, elections, amendments, board duties and member categories. Most organizations require amendments to be ratified by the membership. The bylaws should remain broad in scope with more detailed information adopted as policies .
Policies	Board and Staff	Policies express the wisdom of the board of directors for current and future leaders to follow the preferred methods for achieving the mission and decision making. They must be consistent with the bylaws and articles. All policies are adopted or amended as motions and recorded in board minutes. At least annually, policies should be transcribed from the board minutes into a policy manual. Policies should distinct from the staff 's day-to-day operating procedures .
Strategic Plan	Board, Committees, Staff and Members	A document developed to identify long-term (often 3 to 5 years) goals, strategies and tactics. The plan should align objectives with resources and organizational capacity. A strategic plan generally includes an affirmation of the mission (and supporting statements such as vision and values), a description of long-term goals, fresh strategies or means to achieve the goals, and may include tactics and performance indicators. It is the guide for successive leaders. It should be reviewed for progress at least annually.
Annual Budget	Board, Committees and Staff	The statement of estimated income and expenses for the year. It is drafted annual by a budget committee, elected treasurer and staff; and approved and monitored by the board of directors. A chart of accounts is a supporting document explaining the purpose and source of budget line items.
Business or Action Plan	Board, Committees and Staff	The break down of the strategic plan to identify current year tactics , assignments, deadlines and interim performance measures . Often aligned with the organization's committees and staff members or departments. Development of a business or action plan is a staff responsibility, often taking the form of a template or spreadsheet to monitor progress.

Essential Documents - Systems

The core documents to maintain a nonprofit organization. Listed by: 1) IRS public documents; 2) branding-unique positioning statements; 3) governing documents; and 4) operating manuals. Be sure to rely on legal and accounting professionals for help.

	Document	Maintenance
IRS Documents Public Record	IRS Form 1023 or 1024	The application to determine qualification for exemption from federal income tax. For instance, 501(c)(6) designation. If it is lost, check with the person who originally filed the request with the IRS. A public document.
	IRS Form 990	Filed annually and maintained as a public document. Retain a copy at the headquarters office to respond to public requests.
	Letter of Determination	Issued by the IRS to indicate tax exempt status. A public document. The IRS helpline is 877/829-5500.
Unique Position or Brand Platform	Mission Statement	The purpose of the organization in a short statement with PR and positioning value. If vague or lost, review the most recent IRS Form 990 to determine what was submitted; also the IRS application for exemption (Form 1023 or 1024). Review preamble of the bylaws and articles. Amendments to the mission should occur at the strategic planning retreat.
	Values Statement	The guiding principles of the leadership and staff (not to be confused with a membership code of ethics.) Developed at the strategic planning retreat.
	Vision Statement	The long-term, inspirational, desired outcome for the organization. What will success look like? Reviewed and adopted at the strategic planning retreat.
Governing Documents	Articles of Incorporation	Issued by state government; indicates corporate status, i.e. not-for-profit. May require annual filing or renewal.
	Bylaws	The document describing the relationship between the organization's board of directors and its membership or stakeholders.
	Policies	Interpretation of the bylaws and articles adopted as board policies.
Operating Manuals	Policy Manual	The board adopted policies transcribed from meeting minutes into a policy manual. May be sunset and updated through a committee review. Should be reviewed at least every 5 years to be sure it is current and understood by volunteers.
	Personnel Manual	The employee handbook communicating job details and responsibilities. Created by an HR specialist or labor lawyer. Templates may be available from Soc. of HR Managers; state chamber of commerce or state department of labor.
	Leadership Manual	The documents necessary for volunteer leaders to fully understand and execute their roles and duties. Presented as notebook or virtual manual on-line.
	Procedures Manual	Documentation by staff of the steps and best-practices for every activity, event and process. Developed by each staff member based on job responsibilities.
	Style Manual	A brief manual indicating the preferred styles, official logo and colors, typeface preferences, etc. to brand the organization.
	Emergency Manual	The key documents protected away from the office, as well a communications and business continuity plan. Local and state emergency management officials may provide templates and resources for creation.

Responsibilities of the Directors

1. Determine and Articulate the Mission and Purposes

A statement of mission and purposes should articulate the organization's goals, means, and primary constituents served. It is the board of directors' responsibility to create the mission statement and review it periodically for accuracy and validity. Each individual board member should fully understand and support it.

2. Select the Chief Executive

Boards must reach consensus on the chief executive's job description and undertake a careful search process to find the most qualified individual for the position. The board also selects the board attorney and CPA.

3. Support the Chief Executive and Assess Performance

The board should ensure that the chief executive has the moral and professional support he or she needs to further the goals of the organization. The chief executive, in partnership with the entire board, should decide upon a periodic evaluation of the chief executive's performance. [CEO is responsible unless the actions of the board prevent the CEO from performing his or her job.]

4. Ensure Effective Organizational Planning

As stewards of an organization, boards must actively participate with the staff in an overall planning process and assist in implementing the plan's goals.

5. Ensure Adequate Resources

One of the board's foremost responsibilities is to provide adequate resources for the organization to fulfill its mission. The board should work in partnership with the chief executive and development staff, if any, to raise funds from the community.

6. Ensure Effective Resource Management

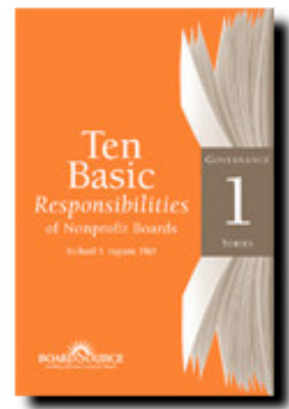
The board, in order to remain accountable to its donors, the public, and to safeguard its tax-exempt status, must assist in developing the annual budget and ensuring that proper financial controls are in place.

7. Determine, Monitor and Strengthen Programs And Services

The board's role in this area is to determine which programs are the most consistent with an organization's mission, and to monitor their effectiveness.

8. Enhance the Organization's Public Image

An organization's primary link to the community, including constituents, the public, and the media, is the board. Clearly



articulating the organization's mission, accomplishments, and goals to the public, as well as garnering support from important members of the community, are important elements of a comprehensive public relations strategy.

9. Ensure Legal and Ethical Integrity and Maintain Accountability

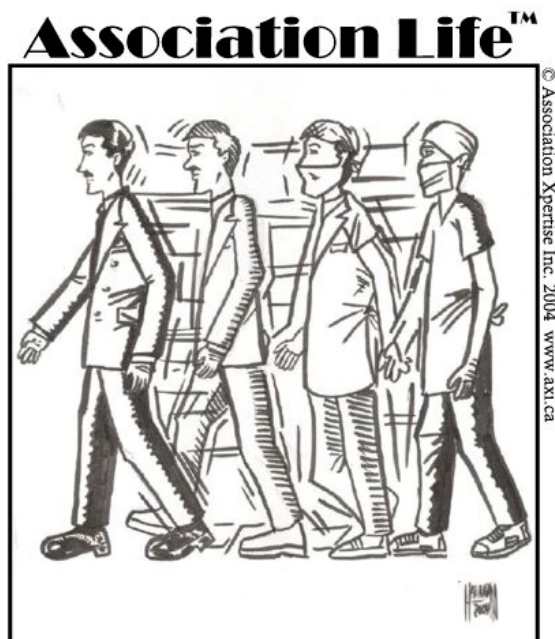
The board is ultimately responsible for ensuring adherence to legal standards and ethical norms. Solid personnel policies, grievance procedures, and a clear delegation to the chief executive of hiring and managing employees will help ensure proper decorum in this area. The board must establish pertinent policies, and adhere to provisions of the organization's bylaws and articles of incorporation.

10. Recruit and Orient New Board Members; Assess Board Performance

All boards have a responsibility to articulate and make known their needs in terms of member experience, skills, and many other considerations that define a "balanced" board composition. Boards must also orient new board members to their responsibilities and the organization's history, needs, and challenges. By evaluating its performance in fulfilling its responsibilities, the board can recognize its achievement and reach consensus on which areas need to be improved.

#

From Ten Basic Responsibilities of Nonprofit Boards. Washington, DC: BoardSource, formerly the National Center for Nonprofit Boards, Adaptation.



Board Myth #1 - Upon their election, members will transform into effective directors without orientation or training.

Duty of Obedience, Loyalty & Care

Under well-established principles of not-for-profit corporation law, a board member must meet certain standards of conduct and attention in carrying out his or her responsibilities to the organization. Several states have statutes adopting some variation of these duties, which would be used in court to determine whether a board member acted improperly. These standards are usually described as the duty of care, the duty of loyalty, and the duty of obedience.

☐ **The Duty of Obedience**...forbids acts outside the scope of corporate powers. The governing board of the organization must comply with state and federal law, and conform to the organization's charter, articles of incorporation and bylaws.

☐ **The Duty of Loyalty**...dictates that officers and directors must act in good faith and must not allow their personal interests prevail over the interests of the organization.

☐ **The Duty of Care**...requires directors and officers to be diligent and prudent in managing the organization's affairs. The individuals charged with governing must handle the organizational duties with such care as an ordinary prudent person would use under similar circumstances.

☐ **Duty of Confidentiality?**

☐ **Duty of Curiosity?**

☐ **Duty of Oversight?**



BoardDiligence(3)

Distinguishing Mission, Vision & Values

Every organization has a mission statement. (Most organizations have submitted the mission statement to the IRS as a requisite for receiving a federal income tax exemption.) Fewer organizations have a vision or values statement.

The statements guide the board, staff, efforts and allocation of resources. They have a public relations value. They may be fine-tuned periodically for relevance --- usually in conjunction with the strategic planning process.

Mission Statement – The mission statement is the foundation of the organization. It identifies who is served, how and why. The statement should be one or two, precisely worded sentences. A good mission statement answers, “Why does the organization exist?”

- ❑ “As the voice for health care, our mission is to advance the interests and meet the needs of our members, enabling them to provide the highest quality and most cost-effective services throughout the state.”
- ❑ “The mission of the Chamber of Commerce is to facilitate the progressive development of our business community through economic development, advocacy and workforce development.”

Mission, Vision, Values make up the organization's brand platform and public image.

Vision Statement - An inspiring statement answering: "What do we want to be in the long-term if we had unlimited resources?" Think of the vision statement as an image of the organization if it fully carries out its mission and strategic plan.

- ❑ “The organization will be the premier source of consumer and member information to guide the profession to be most highly respected, best positioned and profitable.”

Values - Core values are consistent with the mission, informing others of the organization's guiding principles maintained by board and staffs. It is better to adopt value statements than to amend the mission, vision or bylaws. They are often enumerated or bulleted, for example:

- *Excellence: The highest professional and ethical standards will govern our work and our relationships with others.*
- *Leadership: We will act decisively on behalf of our membership and the industry.*
- *Collaboration: We are committed to listening to a variety of viewpoints and to building consensus within the industry.*
- *Innovation: We will continually explore new avenues to provide better service to our members.*

Mission, Vision & Value Statements.doc

Focus on What Matters

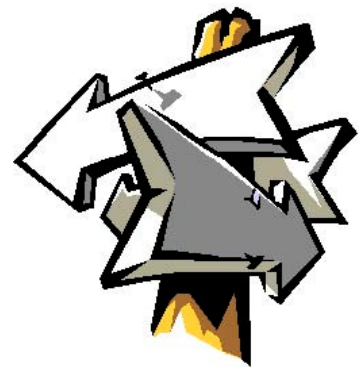
"Focus on what matters," was the recommendation to incoming presidents by Joel Singer, Executive VP of the California Association of REALTORS®.

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

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

Preparing to be President

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



Performance as President

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



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

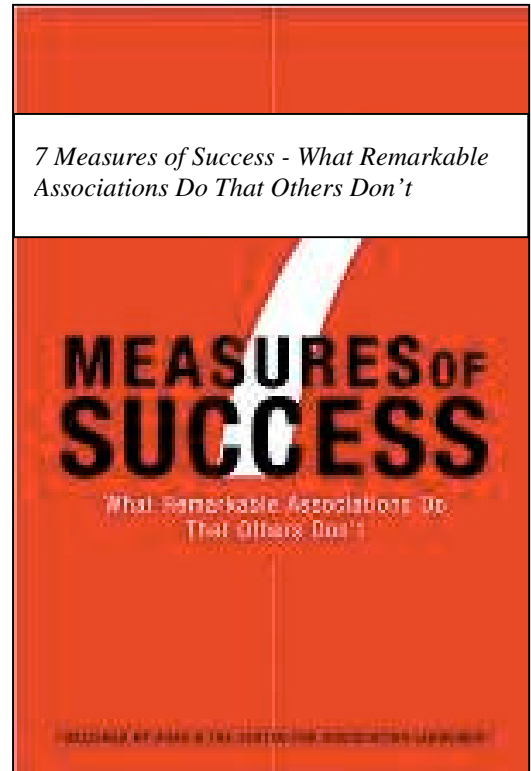
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Note: Bob Harris provides free tips and templates at www.nonprofitcenter.com. Elected officers can download *The First 100 Days – Preparing to be President*.

Traits of Successful Nonprofits

Seven traits of successful nonprofit organizations:

1. **Customer Service Culture**- “We’re here to serve you,” “Every day, every member.”
2. **Alignment of Products and Services with Mission** – Mission is consistent with deliverables of benefits and features.
3. **Data-Driven Strategies** – Information gathering and analysis; evidence-based decision making.
4. **Dialog and Engagement** – Internal and external dialogs among stakeholders, volunteer leaders and professional staff.
5. **CEO as Broker of Ideas** – CEO communicates and encourages visionary thinking.
6. **Organizational Adaptability** – Responsive to change, able to adapt, not limited by structure and culture.
7. **Alliance Building** – Beneficial partnership and collaborative efforts.



7 Measures of Remarkable Assocs 3-07.doc

Board Self Evaluation

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	Somewhat Comfortable	Somewhat Uncomfortable	Very Uncomfortable	Not Sure N/A
Mission and Strategic Direction					
1. Board efforts advance the mission, vision, values and goals.					
2. The strategic plan portrays an image of the organization in 3, 5 or 10 years.					
3. Meetings and agendas are organized to achieve the mission and goals (and avoid operating matters.)					
Comments:					
Governing Documents					
4. Board understands and upholds all governing documents.					
5. Policies are adopted and followed to guide current and future leaders.					
Comments:					
Leadership, Succession and Transparency¹					
6. Board selection process is transparent and ensures leadership succession.					
7. Board orientation and self-assessment is sufficient.					
8. New ideas and people are respected.					
Comments:					
Budgeting, Finances and Infrastructure					
9. Board adopts annual budget and is engaged in monitoring finances.					
10. Reserves/savings and investment strategies are appropriate.					
11. Financial reports are clear, accurate and timely.					
12. Annual audit and auditor's recommendations are reviewed.					

Indicate your understanding of and offer recommendations for these governance aspects.	Very Comfortable	Somewhat Comfortable	Somewhat Uncomfortable	Very Uncomfortable	Not Sure N/A
Comments:					
Professional Staffing and Structure					
13. Board delegates authority, policies and resources for CEO to manage organization.					
14. CEO performance is assessed.					
15. Staff relations are professional and collegial.					
16. Structure of organization is highly effective.					
Comments:					
Risk Management – Protection					
17. Fiduciary duties are understood, including duties of care, obedience and loyalty.					
18. Perceived and real conflicts of interest are disclosed.					
19. Antitrust violations are strictly avoided.					
20. Discussions and documents are treated with confidentiality.					
21. It is clear who speaks for the organization and that only those persons can delegate authority.					
22. Insurance and risk management measures adequately protect the organization.					
Comments:					
Committees, Counsels and Task Forces					
23. Committee structure benefits board productivity and advances strategic goals.					
24. Board does not conduct committee work at board meetings.					
Comments:					
Benefits, Programs and Services					
25. Board is familiar with majority of association programs and services.					
26. Programs and services are periodically reviewed to ensure relevance to members.					
Comments:					
Overall					
27. Serving on the board is a gratifying experience.					
Comments:					

Board Evaluation Guide TMA 7-09

Board Job Descriptions - General

Any member in a position of leadership in the organization, holding a position on the Board of Directors, or serving on the committees, or in chapter leadership, who feels he or she is unable to support the policies of the association, should tender a resignation as a volunteer leader. A member of the Board of Directors who misses more than two consecutive meetings of the board without adequate excuse should have automatically resigned.

Responsibilities:

Office of President

- Call and chair meetings of the Board of Directors (generally 4 to 6 meetings year)
- Represent the organization as a delegate to the national Annual Meeting
- Lead delegation in legislative meetings
- Prepare a quarterly President's Message due 40 days before the first of the month of publication
- Visit local chapter upon invitation/request
- Call and chair meetings of the Executive Committee
- Represent the organization, as necessary, at official functions with private and public organizations
- Testify before state or federal agencies or legislative committees
- Serve as member of the Executive Committee
- Fill vacancies in committees and offices with the approval of the Board
- Serve as an ex-officio member of each committee

Office of President-Elect

- Attend Legislative meetings
- Represent the Association at coalition and key meetings (5-7 meetings/year)
- Serve as member of the Executive Committee
- Attend regular and special meetings of the Board of Directors (approximately 6 per year)
- Represent the Association with local associations as assigned
- Participate in leadership training
- Assume the office of President for the remainder of the un-expired term of office in the event of the resignation, death or removal of the President or due to the failure or inability of the President to perform the duties of his office.

Office of Vice President

- Serve as member of the Executive Committee
- Attend regular and special meetings of the Board of Directors (approximately 6 per year)
- Represent the Association with local associations as assigned
- Manage special requests and projects as delegated by the President

Office of Secretary/Treasurer

- Serve as recording secretary for executive sessions of the Board
- Serve as member of the Executive Committee
- Attend regular and special meetings of the Board of Directors (approximately 6 per year)
- Represent the Association with local associations as assigned
- Review the accounts of the Association on a timely basis, review the status of the financial integrity of the retirement plan and current status of the revocable trust and report to the Board of Directors

Sample

Sample

- Prepare an annual budget proposal at least 60 days prior to the fiscal year
- **Serve as an ex-officio, non-voting member of the Audit Committee**

Directors (three year term)

- Attend regular and special meetings of the Board of Directors (approximately 6 per year)
- Represent the Association with local associations as assigned

Code of Conduct at Meetings

This is a checklist for the use of association leadership, staff and members in the conduct of association-sponsored meetings. It is not an exhaustive list, and it does not address antitrust issues relating to activities other than association meetings.

DON'T, IN FACT OR APPEARANCE...

- Don't – discuss or exchange information regarding:
 - Individual company prices, price changes, price differentials, markups, discounts, allowances, credit terms, etc.
 - Individual company figures on costs, inventories, sales, etc.
 - Industry pricing policies, price levels, price changes, differentials, etc.
 - Matters relating to actual or potential individual suppliers that might have the effect of excluding them from any market or of influencing the business conduct of firms toward such suppliers or customers.
 - Bids on contracts for particular products and/or services.
- Don't – discuss or exchange information regarding the above matters during social gatherings incidental to Association-sponsored meetings.

DO...

- Do – have an association staff representative in attendance at all association-sponsored meetings unless an exception to the rule has been authorized by an appropriate association officer.
- Do – have agendas for and record the minutes of all Association-sponsored meetings, which accurately reflect the matters, which transpire.
- Do – limit meeting discussions to agenda topics unless the appropriate association officer has approved additional topics.
- Do – provide agendas and minutes for all committee meetings to general counsel in advance of their distribution.
- Do – fully describe the purposes and authority of all task groups, task forces, ad hoc or other standing committee subgroups and their terms of reference in the minutes of the appropriate parent committee.
- Do – consult with general counsel on all antitrust questions relating to Association-sponsored meetings, whether or not your own counsel is also consulted.
- Do – protest against any discussions or meeting activities that appear to violate this checklist; disassociate yourself from any such discussions or activities and leave any meeting in which they continue.

sample

BOARD MEETING PRACTICES

Board Meeting Practices

Before, During and After Board Meetings

A compilation of practices offered through the ASAE Executive Section listserv in March 2010.

Before the Board Meeting

1. Provide the board book and background information at least two weeks in advance of the meeting.
2. Rely on the chair to promote (or enforce) advance reading of the book --- when topics arise that were obviously provided in advance, he or she should point out, “the answer is in the information you were provided.”
3. Use a behavioral analysis tool at the start of the year to help directors understand the varied personalities and get to know each other.
“You’ll know you got it right by the degree of engaged discussion.”
4. Stay in touch with stakeholders (members) – don’t let the board think they represent the views and needs of members unless they really do.
5. Distribute a chart or guide explaining board rules of order; or use *ABCs of Parliamentary Procedure* published by Channing Bete (about \$1).
6. Be sure the room and table are conducive to board discussion; a hollow square or open-U is best.
7. Use tent cards to remind and familiarize directors who have forgotten names; on the back or bottom of tent cards use the space for mission statement or antitrust avoidance statement.
8. Assign seats using name tent cards to mix up the dynamics; be sure officers take their places at the head of the table.
9. Rely on an organizational chart to depict appropriate hierarchy, flow of information and decision making processes.
10. Post the mission, vision and values in the boardroom or display it on an easel at the meeting.



11. If the board meeting is two days or two parts, reconvene the second part with a recap of what was achieved and what still must be addressed.
12. Provide a guide for key issues and what is expected as outcomes: For example, “Up for discussion” “Information only” “Requires action” “Economic impact” etc.
13. Hire a parliamentarian to keep discussions on track; or at a minimum rely on a parliamentarian to teach rules of order at the board’s orientation.
14. In advance of the meeting, discuss agenda items with the appropriate officers. ***“Use all the brainpower for something that actually matters.”***
15. Identify the responsible positions or names next to agenda items; share it well in advance so directors can properly prepare for the meeting.
16. Advise directors of the proper channels, protocols and deadlines for adding items to the agenda; avoid agenda surprises squeezed into “new business.”
17. Organize agenda topics by strategic goals; each committee report falls under the respective goal.
18. When providing advance board, only bring extra copies of the agenda to the meeting --- relying on board members to have read the packet in advance – not *expecting* staff to bring extra packets.
19. Provide enough time for *meaningful* discussions --- not just reports checked off a list.
20. More effective than a timed agenda is a good chair who keeps things moving by not being fearful of cutting off discussion. (But don’t *obsess* about time – you don’t want to skip over important issues because time elapsed.)
21. “Front load” the agenda with the most important issues so you don’t run out of time.
22. Terminology: If the organization has a unique set of terms or acronyms, include the list and meanings at the board table.
23. ★ Identify “action items” with a star so directors can see what requires the most attention on agendas.
24. Conduct a conference call prior to the meeting to try to dispense with administrative tasks and help the directors understand the larger issues at hand.
25. Staff reviews the financial report with the treasurer in advance.
26. Prepare a brief “rule of engagement” or “code of conduct,” identifying board expectations but not stated in the bylaws. For instance, we respect new ideas, nobody should dominate discussions, the boardroom is the proper place for deliberation, everyone should be willing to



take on extra tasks, we start and end on time, etc.

27. Identify a MEGA-ISSUE on every agenda; one in which the chair and executive director have selected the burning issue to advance or resolve at this meeting.
28. Include a *BHAG* on every agenda.¹
29. Discourage digital distractions; when board members turn to text messaging and the Internet --- it's a sign that they are not engaged.
30. Strategically organize the agenda – more difficult decisions interspersed with “low hanging fruit.” Spend the most time on issues with strategic value for the organization.
31. Add “*Good Governance Rules*” at the top of the agenda, for example:
 - Meetings start on time;
 - Please stay within time allocations;
 - Keep it simple;
 - Max. discussion time is 10 per topic in general;
 - One speaker at a time;
 - When further discussion or research is needed, topic will be postponed;
 - Don't do committee work at the board table.



During the Board Meeting

32. Use a consent agenda. Use a consent agenda. Use a consent agenda.

33. Project the agenda and background materials on a screen with a laptop and LCD projector; keeping board members looking up and everyone on the same page. Too often board members are shuffling papers and looking down at text messages.

Board Action Grid

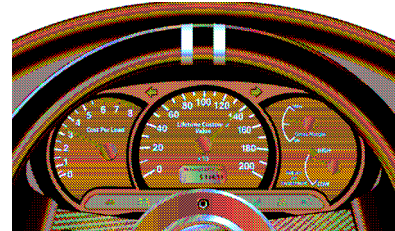
Decide/Choose	Approve, Accept, Endorse, Validate
The Board of Directors will make a <u>decision</u> on a <u>recommendation</u> or <u>choose among options</u> generated internally or by committee/staff.	The Board of Directors will <u>approve a recommendation</u> or <u>course of action</u> that has policy, strategy, brand, or material budget implications.
Understand	Guide
The Board of Directors will <u>better understand</u> a critical issue, perspective, or dynamic that is critical to Board level responsibilities.	The Board of Directors will <u>provide guidance</u> to Committees and staff as it relates to established strategy, policy, brand, or budget.

34. Provide a decision-action grid to help the board understand the available actions.
35. Start and end meetings on time; hang a clock on the wall; appoint a volunteer to serve as timekeeper.

36. Find ways to address questions through a process of values and performance measures (create a matrix to determine the importance of discussions.)

¹ *Good to Great's* “Big Hairy Audacious Goal”

37. When board books are used, the chair needs to remember to point out the page number with the transition of each new topic. When the board book is a PDF document, use the page numbering feature to make it easy to find information.
38. Take frequent breaks – don't allow an overly ambitious chair to forget the need to stretch and refresh with breaks every 60 to 90 minutes. It improves outcomes.
39. State the conflict of interest policy and start the meeting by asking, "Everyone has seen today's agenda, is there anyone who wants to make not of a potential conflict of interest?"
40. Use a *dashboard* to report on performance measures that the board should monitor; minimize the traditional reports about what has occurred since the last meeting.
41. Agree upon specific performance measures --- positioning the board to be objective rather than subjective.
42. Make note of the antitrust avoidance statement and record such in the minutes.
43. Keep a flip chart in the room in case an issue needs development through graphics and problem solving.
44. Invite local members as guests (with rules for addressing the board) if your meetings rotate to chapters and components
45. Use the tentcards to signify a desire to address the discussion by turning the tentcard on end (vertical.)
46. Serving food? Provide high-energy, low-carb snacks to avoid the afternoon sluggishness associated with a big meal.
47. When providing a meal break, use a separate room so directors have a chance to stretch and get away from the work setting.
48. Always include caffeine and chocolate at the board table.
49. Promote the boardroom as the safe place for deliberation; cautioning *against* rehashing meetings in the parking lot or by email.
50. Envision and anticipate significant results and share the vision, "Today our goal is to achieve a significantly positive outcome and implementation for the initiatives we've been considering."
51. Consider application of *Policy Governance* to clarify roles, processes and ends' statements (reference: *Carver Policy Governance*.)
52. Make it acceptable to simply have a "conversation" without making a decision. Develop an agreed upon process to explore an issue that will get a



sense of the board's interest without undertaking the full deliberation and decision.

53. Assign new ideas to a “parking lot” for future consideration.
54. Be sure the board chair understands the role of *facilitating* the meeting; calling on members who may be quiet and quieting members who may dominate.
55. Rearrange name tentcards after the break to change the meeting dynamics.
56. Invite a guest speaker to each board meeting to offer education (i.e. parliamentary procedures, accounting principles, industry updates, etc.)
57. Add two extra seats at the board table and ask directors to strategically invite select future leaders to observe.
58. Give every board member a chance to lead – share assignments and help them develop leadership skills by asking various directors to make reports, lead a discussion, etc.
59. Use the flipchart to track and document decisions as the meeting progresses. A flipchart can be used to quiet a verbose director by asking them to, “organize and outline your ideas on the flipchart at the front of the room.”
60. At meal breaks divide the board into three strategic groups assigned to tables so they meet different persons at each meeting (i.e. east, west, central or big, medium, small, etc.)
61. Wrap up meetings with a summary of what was accomplished offered by the chair or executive director.
62. Once a year the board makes a big deal of staff appreciation by serving the lunch to the staff members in attendance.

After the Board Meeting

63. Identify **action items** in the minutes in **bold** – similar to the action items that were noted on the corresponding agenda.
64. Work must not end when the meeting adjourns. Use the time between meetings to continue work.
65. The CEO prepares talking points or highlights immediately after the meeting to help directors communicate the achievements and issues from the recent board meeting.
66. Create a PowerPoint to identify highlights, actions and outcomes at the last meeting.

67. Distribute an evaluation or use SurveyMonkey for a 3-question survey – How effective do you think this meeting was? How can we improve governance?
68. At the end of the chair's term conduct a confidential board self-assessment and solicit ways to improve governance.
69. *Celebrate!* Board members are there because they want to do a great job --- celebrate their small and big achievements after each meeting.
70. Distribute minutes promptly; recognizing that volunteers gave of their valuable time, thus they deserve to see the minutes.
71. Don't post minutes to a *public* website, instead post a summary of board actions.
72. When distributing minutes electronically (email attachment) be sure they are a PDF format and not a Word document.
73. Do not add "attachments" to the minutes; let minutes stand on there own --- filing support documents in other locations.
74. Maintain everything at a shared board governance website page; password protected.
75. Require committees to keep minutes, too. Provide them with a simple committee minutes template.

"It is about the content of the agenda, if you get that right everything else falls into place."

Board Meeting Practices 3-10.doc

bob@rchcae.c

BOARD RESPONSIBILITIES GUIDE



- ✓ *Ideal for Leadership Development*
- ✓ *Easy to Use and Explain*
- ✓ *Thousands purchased by every kind of board*
- ✓ *Updated to include new IRS 990 policies*

Topics Covered – Ideal for Board Discussion

- Governance-Management Relationship
- Special Terms of Non-Profits
- Board Responsibilities
- Trends and Issues Facing Associations
- Volunteer Immunity and Insurance
- Board Legal Duties
- Board Tools and Common Sense
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- Committees and Trends
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Leadership “Rules of Engagement”

The responsibilities of volunteer leaders are generally stated in the governing documents: bylaws, articles of incorporation and policies. The rules of engagement have been developed to communicate **cultural expectations and preferred behavior** for governance. *(Every organization has its own leadership expectations developed over time; this is a sample.)*

Timeliness and Courtesies

- Meetings start and end on time; arriving on time and staying until business is completed.
- Cell phones and digital distractions are off or on silent during meetings.
- Communications are acknowledged within 48 hrs of receipt; if a reply is pending, do so within 3 days and more immediately for urgent issues.
- Written reports and requested documents must be submitted in a timely manner.

Knowledge and Information

- Conduct business and make decision based upon *knowledge* --- not assumptions.
- Information, reports and financials will be read for understanding. If information is lacking, ask critical questions in advance of meetings so everyone is fully prepared.
- Agree that a lack of knowledge is not an excuse for not taking action or attendance.

Decorum and Protocol

- The organization operates in an environment of transparency.
- Conduct board business in front of all board members and speak up at meetings.
- Meeting decorum is respectful and no member will reproach another for speaking honestly.
- Factual information will not be withheld from the board by any director or staff member.
- Respect and give fair consideration to diverse and opposing viewpoints; realizing the impact of image and words when discussing and representing the Chamber.
- Accountability to any and all commitments by volunteers and staff is crucial.

- Decisions and outcomes must benefit the organization, members and the community; without personal interests or conflicts²
- Confidentiality of all proceedings and information is required.
- Decisions of the board are for the whole --- dissident opinions should be expressed only inside the board meeting.
- Rules of Order guide board discussions and directors should familiarize themselves with protocols of motions, speaking, authority, etc.

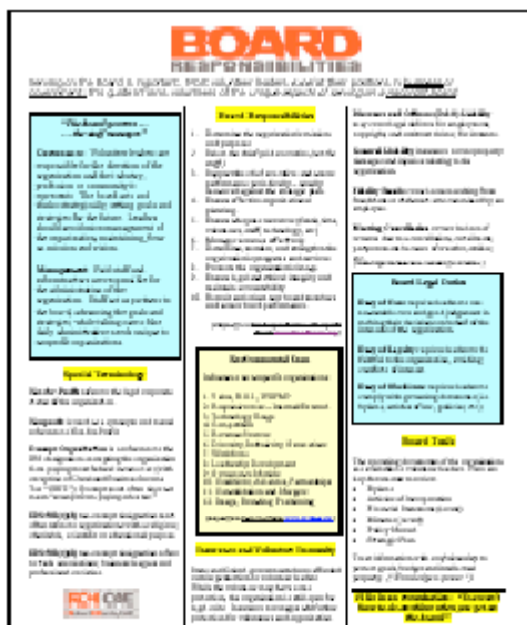
Organizational Traditions

- Attendance at an annual orientation, as well as the periodic board retreat, is expected.
- Board members are encouraged to be role models in making contributions to the Political Action Committee.
- Directors should reach out to members to determine their needs; and contact at least two prospects per quarter to invite them to join.

I am clear about my roles and responsibilities as a board member or volunteer and can conform to the Rules of Engagement as indicated.

Signature _____ Date _____

Rules of Engagement General 7-09.doc
Adapted with Permission



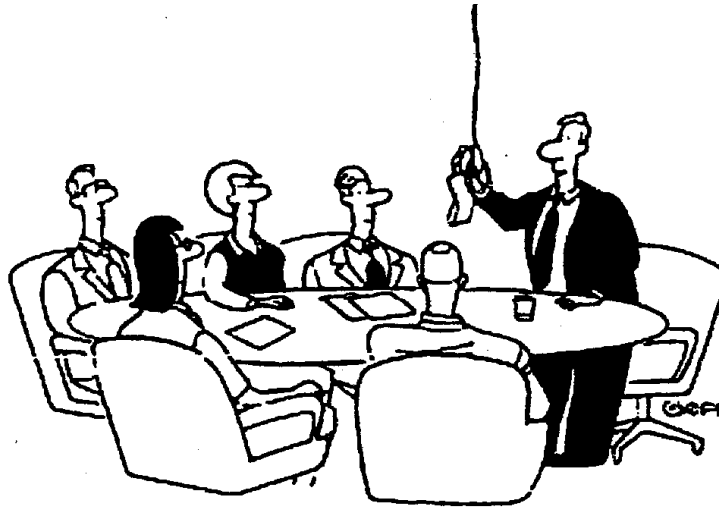
Order copies by emailing
bob@rchcae.com

² Directors submit an annual conflict of interest statement.

Protecting the Organization

Nonprofit organizations are not immune from scrutiny and risk. A responsibility of the board is to protect the organization.

There are a host of risks --- from general administrative issues to specific legal concerns. The board should understand and effectively management through insurance and risk-management techniques.



**"And should there be a sudden loss
of consciousness during this meeting,
oxygen masks will drop from the ceiling."**

3

Insurance Coverages

☐ **General Liability Coverage**

This is typically the "core" coverage for a nonprofit. The most common occurrence covered by the policy is "slip and fall." Depending on the extent of the general liability coverage purchased, commercial general liability insurance may provide coverage for a wide range of negligent acts, which result in bodily injury, personal injury, advertising injury or property damage to a third party. It does not cover damage to property under your control.

☐ **Directors and Officers Liability Coverage**

The key distinction with directors and officers liability is that it is intended to cover wrongful acts that are "intentional" as opposed to "negligent." This is because directors and officers insurance is designed to cover actions and decisions of the board of directors. These actions may be in error and wrong, but they are, nonetheless, "intentional" acts. Most other types of insurance do not cover "intentional" acts. Among the items a good directors and officers policy should include is broad coverage for all types of employment related actions, including wrongful termination, harassment, discrimination, failure to hire, etc. It should also pay defense costs as they are incurred, not on a reimbursement basis.

☐ **Employee Dishonesty – Fidelity Bond**

This covers loss resulting directly from one or more fraudulent or dishonest acts committed by an employee whether acting alone or in collusion with others. Losses due to employee dishonesty are different from other losses making it difficult to determine the amount of insurance to carry. Loss of unrecorded assets could result from the following activities: theft from a cash register; pocketing money for which a receipt has not been given; padding of expense accounts; overcharging of fees for services; and walking off with assets.

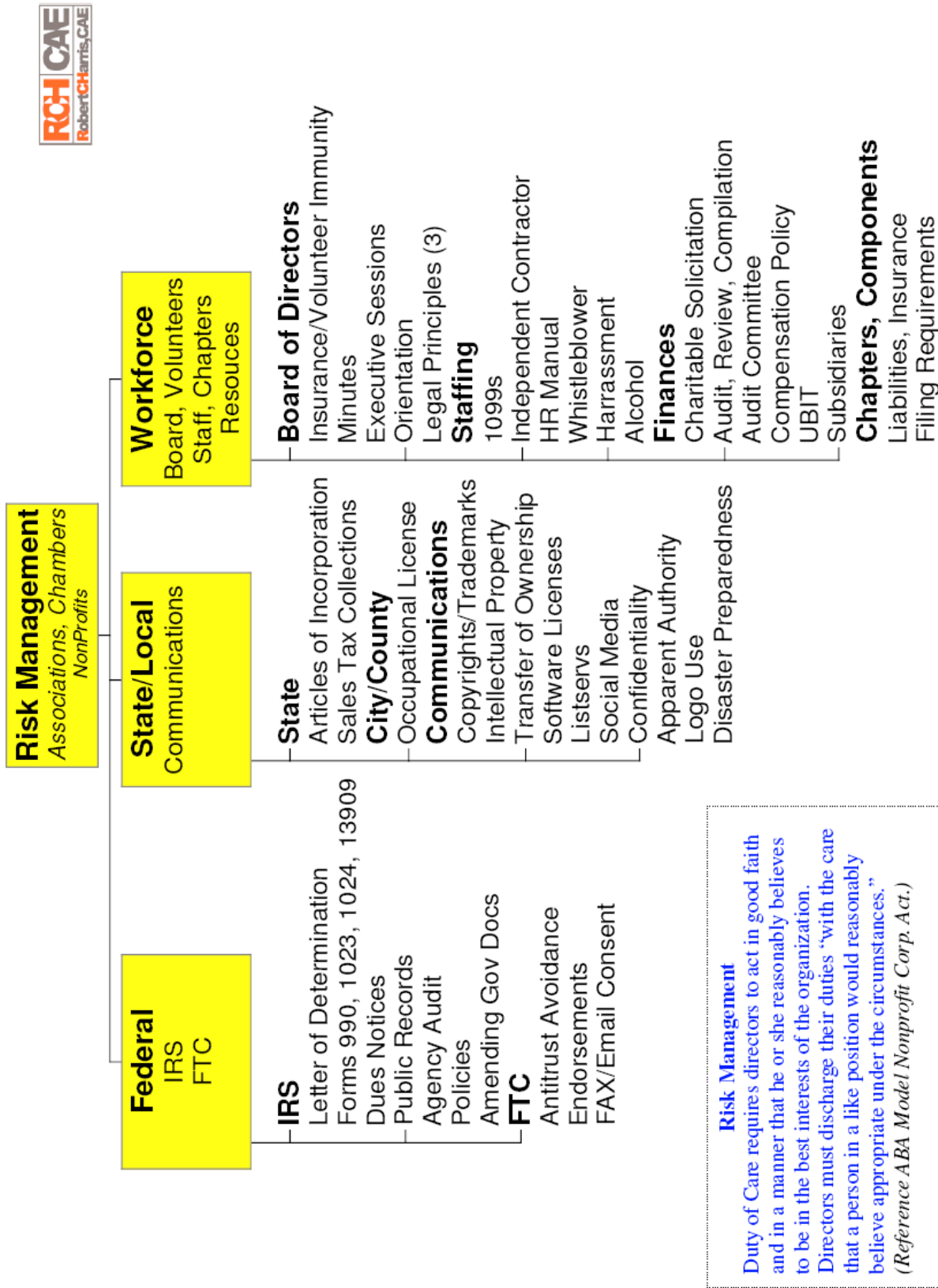
☐ **Liquor Liability Coverage**

Depending on the extent of the liquor liability coverage form, this insurance may apply to claims resulting from selling, serving, or furnishing alcoholic beverages. "Host liquor liability" coverage is provided in most commercial general liability coverage forms, and some nonprofits buy stand alone liquor liability coverage when the argument can be made that they are in the business of selling, serving, or furnishing alcoholic beverages. The need for liquor liability coverage is frequently misunderstood, and an insurance broker can be of assistance to determine if the coverage is needed or not.

☐ **Meeting Cancellation Coverage**

Covers the loss of revenue or expenses due to a cancellation, curtailment, postponement or abandonment of an event due to civil disturbance, strike, weather or fire, for example. It may cover moving to an alternative premises, postponing or abandoning an event. Policy may cover the extra expense of the normal costs to conduct the event in order to continue the normal operations of the show or meeting.

InsuranceCoverages.doc



Risk Management Concepts in NonProfit Organizations – Highlights (B. Harris, CAE – bob@rchcae.com)

Minutes to Protect the Organization

The purpose of taking minutes is to protect the organization and the people who participate in the meeting. The minutes are not intended to be a record of discussions, or serve as a newsletter for the organization. Recent court decisions support this.

In the case, Multimedia Publishing of NC v. Henderson County, the court noted, "the purpose of minutes is to provide a record of the actions taken by a board and evidence that the actions were taken according to proper procedures. If no action is taken, no minutes (other than a record that the meeting occurred) are necessary."

In another case, Maready v. City of Winston-Salem, the court wrote, "generally, the minutes should contain mainly a record of what was done at the meeting, not what was said by the members. Their purpose is to reflect matters such as motions made, the movant, points of order, and appeals - not to show discussion or absence of action." This decision highlights what association counsel frequently emphasize when advising association executives regarding minutes - they should be kept as brief as possible, and should only reflect action taken at the meeting.



These guidelines will help volunteers and staff members take minutes that will protect the organization.

- Accurate minutes should be kept for all official meetings, including committee and chapter meetings.
- Minutes should be a record of what was considered and accomplished at a meeting, not a record of conversations, reports and work assignments. They should not include sidebar conversations, if they occur.
- Minutes should indicate the place, date and time of the meeting and the names of all participants at the meeting, including persons arriving late or leaving early, guests and staff.
- The ultimate legal importance of meeting minutes can be substantial if antitrust, tax, advocacy or other legal issues are raised in litigation or some other context. (In several antitrust cases, recollections by those who attended meetings were disregarded in the face of the official minutes.) Include a statement in the minutes about distribution of financial reports and approval or corrections to prior minutes.
- From time to time, minutes may contain self-serving statements to protect the organization, for example, "An antitrust avoidance statement was read and

distributed to the board.” This is to the advantage of the organization.

- Drafts of minutes, notes and audio or video recordings should NOT be retained in the organization’s files once the minutes are approved. The chief elected officer and staff must be sure they are discarded. The organization should have a policy about who may create audio and video recordings.
- Distribute minutes within a reasonable time following the meeting to those who attended, those who were supposed to be at the meeting and then safeguard them in the permanent files of the organization. If you distribute minutes electronically, be sure your bylaws and corporate laws permit this.

Consider asking legal counsel to review minutes before they are distributed to be certain no liability is created for the association.

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What’s the Right Way to Approve Board Minutes?

Question: Is it OK to indicate that board meeting minutes are approved based on, “Hearing no changes, let the record reflect that the prior minutes stand as approved?” Or should a motion be made to approve?

Answer: While a motion is not required to approve the minutes of the previous meeting, the board of directors should either present a motion or give unanimous consent.

A summary of the *Robert's Rules of Order's* treatment of meeting minutes:

"The President/Chair/Secretary will note that minutes have been provided in advance of the meeting. The President/Chair/Secretary will then ask if there are any corrections to the minutes. If no corrections are noted, the Board can either approve the minutes by unanimous consent or someone can present a formal motion to approve the minutes."

If the motion is made but not approved (and not challenged), then it would be interpreted as unanimous consent.

Robert's Rules: "It is generally smoother to do the approval of minutes by unanimous consent. A motion is normally unnecessary unless, for example, there has been a dispute over the accuracy or propriety of something in the minutes. Whether or not a motion for approval has been offered, the chair may simply say 'if there are no corrections, the minutes stand approved.'"

In general, use the opportunity for a motion to reflect that the board has done its due diligence by carefully reviewing the minutes and avowing their accuracy.

By Bob Harris (bob@rchcae.com), Lisa Hix, Venable Law Firm (lmhix@Venable.com), and Jeff Tenenbaum, Venable Law Firm (jstenenbaum@Venable.com).

Bylaws Hot Spots

In reviewing scores of bylaws, I find “hot spots” or common problem areas. Sometimes the bylaws are out of synch with the corporate laws in the state in which the organization is registered. Some bylaws are just old and outdated.

Bylaws represent an agreement between the organization and the membership. Thus, the document should be properly maintained for the most effective operations.

Here are several bylaws “hot spots.”

Meeting Notices – A requirement to “mail” or use “U.S. Postal Service” to announce meetings is inappropriate for an organization that notices official meetings by fax or e-mail notices. Does your state allow electronic notices?

Voting – A requirement to vote in person or by “U.S. Postal Service” ballots as opposed to ability to vote by e-mail or return fax might identify a conflict in corporate law and organization practice.

Standing Committees – Look out for a list of standing committees that no longer exist. Reduce the standing committee list to the essential committees and make sure there is authorization for appointing task forces or ad hoc committees.

Executive Committee – Some executive committees meet and take action without authority for existence in the bylaws. Be sure the bylaws authorizes, empowers and limits the executive committee.



Voting on Members – A requirement that the board approve all new members before being accepted may lead to an antitrust, slander or libel charge.

Discipline and Appeal – Removing a member from the organization for cause but having no mechanism for notice, hearing and appeal by the member. Be sure bylaws allow for a process when charging or expelling a member.

Employees – The bylaws is a common place to give notice that the organization may hire an executive director who in turn is responsible for all employees (*not* the board of directors being responsible for employees.)

Venue – The requirement that the organization office be located in a specific city (usually the city of original incorporation) when indeed the office is no longer located there.

Ethical Integrity – To protect the organization and board, it is appropriate to include in the bylaws any requirements for financial audits and liability insurance. Some organizations treat these items as being discretionary from year to year. The practice should match the policy and inclusion in bylaws ensures consistent application.

In conclusion, the bylaws are like the Constitution. The document should be protected against continual change but reviewed strategically to eliminate the “hot spots.”

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Bylaws Hot Spots.doc

Executive Sessions

Some boards call executive sessions to have discussions without staff present. Generally the meeting is closed to staff for a discussion of executive or topics that someone feels should be private. [Not to be confused with “executive committee meetings.”] The practice can lead to trouble. There are several reasons to discourage closed-door meetings:

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

Policy on Executive Sessions

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

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

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

Sponsorship or Advertisement?

In general, **corporate sponsorship payments** are considered contributions and thus are exempt from unrelated business income tax (“UBIT”), while **advertising revenue** is subject to such tax. It is important for staff and volunteers leaders to know the distinction between sponsorships and advertising.

A “qualified sponsorship payment” (i.e., one that does not give rise to UBIT) is a payment made by a corporate sponsor where there is no expectation that they will receive any “substantial return benefit.” “Substantial return” is defined as any benefit other than: (1) the use or acknowledgment of the sponsor’s name, logo or product lines in connection with the activities of the exempt organization receiving the sponsorship payment, or (2) any other benefits that in the aggregate do not exceed the value of 2% of the total sponsorship payment. Otherwise the payment will be treated as advertising and potentially subject to UBIT.

Appropriate Sponsorships

The use or acknowledgment of a sponsor’s name or logo will not provide a substantial return benefit if only the following are included:

- Sponsor logos and slogans that do not contain comparative or qualitative descriptions of the sponsor’s products, services, facilities or companies (logos or slogans that are an established part of a sponsor’s identity are not considered to contain comparative or qualitative descriptions);
- Sponsor locations, telephone numbers and/or Internet addresses;
- Displays or visual depictions of a sponsor’s product line or services that are value neutral;
- Listings of sponsor brand or trade names, products or services; and
- Product distribution by the sponsor or by the exempt organization to the general public, whether free or for remuneration.

Advertising Activities

Qualified sponsorship payments specifically exclude advertising, which is defined as any message or other programming material which is broadcast or otherwise transmitted, published, displayed or distributed, and which promotes or markets any trade or business, or any service, facility or product.

Advertising includes messages that contain:

- Qualitative or comparative language;
- Price information or other indications of savings or value;
- An endorsement by the exempt organization or others; or
- An inducement to buy, sell, rent or lease the sponsor’s product or service.

Sponsorship or Advertisement-Feb 04.doc

IRS Form 990 Disclosure

(Excerpts from IRS Website)

What tax documents are affected by the regulations?

The tax documents are the exempt organization's exemption application and its three most recently filed annual information returns.

What does the new law require the tax-exempt organization to do?

In response to a *written* or *in-person* request by an individual at the principal office of the organization, and if such organization regularly maintains one or more regional or district offices having three or more employees, at each such regional or district office, a copy of the covered tax documents shall be provided to the requester. If the request for copies is made in person, the request will generally be honored on the day of the request; if the request is written, then the organization usually has thirty days to respond. (A request that is faxed, e-mailed or sent by private courier is considered a written request.)

The organization may charge reasonable copying costs and the actual cost of postage before providing the copies. The IRS considers \$1.00 for the first page and 15 cents for subsequent pages to be reasonable. The organization must provide timely notice of the approximate cost and acceptable form of payment, which must include cash and money order (in the case of an in-person request) and certified check, money order, and personal check or credit card, in the case of a written request.

Are tax-exempt organizations required to disclose the names or addresses of its contributors?

No. The regulations specifically exclude *the name and address of any contributor to the organization* from the definition of discloseable documents.

Is there a convenient exception to the requirement to provide copies?

A tax-exempt organization does not have to comply with individual requests for copies if it makes the documents *widely available* as described in the regulations. This can be done by posting the documents on a readily accessible World Wide Web site, either its own or on a database of exempt organization documents maintained by another organization, provided the documents are posted in a format that meets the criteria set forth in the regulations. In general, the format

must exactly reproduce the image of the original document and allow an Internet user to access, download, view and print the posted document without the payment of a fee. One format that currently meets the criteria is Portable Document Format (.pdf). An organization that makes its documents widely available in this manner, must advise requesters how the forms may be accessed. **(Editor's Note: www.guidestar.com).**

If an organization makes its documents "widely available" must it make the documents available for public inspection?

Yes. Making documents *widely available* satisfies the requirement to provide copies of the documents. This requirement is separate from the requirement to make the documents available for public inspection. There is no exception (similar to the *widely available* exception) from the requirement to make documents available for public inspection.

What are the penalties for failure to comply with the disclosure requirements, and who must pay them?

Responsible persons of a tax-exempt organization who fail to provide the documents as required may be subject to a penalty of \$20 per day for as long as the failure continues. There is a maximum penalty of \$10,000 for each failure to provide a copy of an annual information return. There is no maximum penalty for the failure to provide a copy of an exemption application.

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Editor's Note: *If you cannot find my IRS Letter of Determination or Exemption Application:*

The organization may contact the IRS Customer Account Services at (877) 829-5500 (toll-free number). The call center is open 8:00am to 6:30pm Eastern Time. Or write Internal Revenue Service, TE/GE Division, Customer Service, P.O. Box 2508, Cincinnati, OH 45201.

Note: For additional information, call your legal and accounting professionals. To find this information on the IRS Website, visit www.irs.gov. This document is *not* intended to serve as legal or accounting advice. Excerpted from the IRS Website.

IRS Form 990 Disclosure.doc

Apparent Authority

Officers and directors of the board have authority to perform necessary duties in the management of corporate affairs subject to control by the Board of Directors. Specific powers are ordinarily granted to the officers through the bylaws or by resolution, describing the way the corporation is to be operated and managed. Ordinarily, the bylaws will set out the duties of the president and other officers. ***Nevertheless, under certain circumstances, acts performed by officers may bind a corporation even in the absence of express authority. (This could include actions by committees and chapters of the organization.)***

Definition

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

Actual Authority

Actual authority is the authority a reasonable person in the officer's position would ordinarily believe and expect to have been conferred upon him/her by the corporation. Actual authority may be expressly granted to officers in the bylaws, by resolutions of the Board or by agreement by the Board to similar actions in the past. Associated with actual authority is implied authority; the authority to do acts that are necessary and incidental to the exercise of authority expressly granted.

Apparent Authority

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

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

Authority of the President

The Board president acts as the corporation's general manager, handling the day-to-day operations of the business. The president and board, through authority of the bylaws, delegate management to staff. In almost every state, the president has the power to bind the corporation. These include transactions that arise in the 'usual and ordinary course of business' - normal operations constituting the regular business of the corporation, but not in extraordinary transactions (e.g., sale of all or most of the corporate assets, mergers, dissolution, etc.).

Authority of Executive Officers

In general, the vice-president acts in the absence of the president, but may be assigned special duties and responsibilities. The treasurer is ordinarily responsible for the financial

records or the corporation and handles corporate funds. The secretary is in charge of corporate books and records (minutes, resolutions, etc.) and may be charged with issuing and transferring stock.

Policy Adoption

“I can’t speak for the organization or board but I can give you my personal opinion.”

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

It shall be the policy that any communications on behalf of the association shall be official, at the direction of the president, board or staff. No statements shall be made, either verbal or written that conflict with the position or policy of the association. Leadership should understand, that by virtue of their position, that statements may be perceived by the public as official and on behalf of the association. To control official communications, stationary and business cards shall be for the use of the elected president and staff only.

Members of the board, committees or chapters may not use association stationary. Staff will prepare letters sent on behalf of the organization with a copy remaining in the office. Exceptions may be made to the policy so long as the purpose of the letter is made known and approved by the board in advance; if the exception is approved, a copy of the outgoing letter shall be provided to staff within 24 hours of dissemination, for permanent file retention.

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

APPARENT AUTHORITY.doc

Anti-Competitive Discussion

Many nonprofit organizations create forums (meetings, conventions, newsletters, on-line discussions) encouraging competitors to share information. The result may be liability for the organization if anti-competitive discussions are held.

The auto dealers did not know when they all decided to close on Sundays that it negatively affected the marketplace. When psychologists agreed to reduce their yellow-pages advertising from full-page displays to one-liner, they violated antitrust law.

When two members of the standard's committee sent a letter (unbeknownst to the chairman of the board) disagreeing with a supplier's standards, it could harm the industry. And too bad for the volunteer who wrote a newsletter column about not doing business with out of state mail-order suppliers.

Precautionary discussions among competitors:

- How much do you charge, I'm trying to firm up my price lists?
- Let's decide to all close at 1 p.m. on Saturdays; that way no one loses any business.
- What do you think about your firm taking everything on this side of Main Street and I'll take the business on the other side?
- I don't mind getting government business, but if we make sure we bid at least ___, then it will be more profitable.
- I'm tired of those Internet companies selling to my customers at lower prices than I can buy inventory; let's make sure we don't buy anything from those specific companies.
- You know if we give all of our business to one supplier I think he'll offer us lower prices.
- If we merge our three companies, we'll be able to put that new guy in town out of business.
- I don't like these Discount Brokers and will not cooperate with them.

Penalties for Violation Antitrust Law: Treble damages, \$10 million per corporation, \$350,000 per person or entity, plus jail time, and cost of defense

If anti-competitive conversations are heard in meetings, remove yourself from the discussion immediately. If you are chairing a meeting where violations occur, stop the conversation or adjourn the meeting.

Anti-Competitive Discussions.doc

Antitrust Compliance

Organizations can minimize their risk of violating antitrust laws with these steps.

1. An antitrust policy statement should be included in the organization's documents, used at board meetings and discussed at an annual leadership orientation.
2. At least annually the leadership should receive a copy of the antitrust policy statement; have it signed and dated. The organization and/or the individuals should keep a copy.
3. Leadership orientation should include a review of topics that should not be discussed at association meetings. These topics may include membership expulsion and denial of services, setting prices, defining territories, boycotting a supplier, setting standards, inventorying and collecting data, and other issues particular to the trade or profession.
4. Minutes should be drafted so as not to include comments that may lead to antitrust violations; and then reviewed *before* they are distributed and approved.
5. Publications and website discussion boards should be monitored for items that may be perceived or actual antitrust violations. Writers, contributors and staff should be able to recognize items that may trigger antitrust concerns.
6. Membership standards of acceptance and delivery of services should be consistent. Any deviation from consistent delivery of services, or expulsion from membership, should be considered for antitrust implications.
7. Meeting agendas should be carefully set and followed to avoid side bar discussions of potential antitrust violations.
8. The leadership and staff should be prepared to detach themselves from any discussion or actions that may be an antitrust violation.
9. Legal counsel should be involved in reviewing documents such as minutes and codes of standards, where antitrust violations could occur.

Definition

Antitrust: Laws designed to preserve the free enterprise of the open marketplace by making illegal certain private conspiracies and combinations formed to minimize competition. Most violations of antitrust laws in the real estate business involve either price-fixing (brokers conspiring to set fixed compensation rates) or allocation of customers or markets (brokers agreeing to limit their areas of trade or dealing to certain areas or properties).

Antitrust Compliance Program

Rely on a Policy Manual

Policy or Procedure?

You often hear the phrase “policies and procedures.” The similar terms confuse volunteers and staff. Consider their source, purpose and retention of each to understand their differences.

Formulating Policies

Policies are developed by the board and recorded in the minutes. Examples include policies on check signing, reserve funds, investments, diversity, document retention, and endorsements.

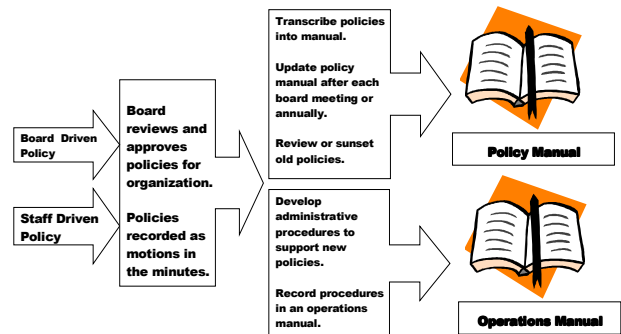
Though board driven, sometimes a CEO sees a need for a policy and drafts it for review, adoption and inclusion in the minutes. For example, the CEO may suggest an investment policy based on careful research.

Policies are catalogued in a *Policy Manual*. For an effective manual, add a table of contents (i.e. finances, education, governance, and meetings) and the date each policy was adopted or amended. Without a manual, one has to search years of minutes to find a policy somebody *thinks* was adopted. A policy manual should be used in board orientation.

Differentiating Procedures

Procedures are administrative, a way to document staff responsibilities --- they have minimal interest to the board. For example, the steps for processing a new member are managed by staff and should be documented to be consistent and effective.

Procedures may be a result of policies. A board policy on the chairman’s use of a corporate credit card will create *procedures* for submitting receipts on forms and reimbursement timeframes.



Use an *Operations Manual* to store procedures. All staff should document responsibilities. If no manual exists, have the staff create an outline or table of contents of the responsibilities needing documentation (and assign deadlines.) The manual will serve to train staff, reduce interruptions, minimize risks, and promote consistent member service. An operations manual is the foundation of staff orientation.

Volunteers and staff will recognize the difference in policies and procedures applicable to governing and managing, when the terms are used separately.

Creating a Policy Manual

Creating an association policy manual does not have to be an overwhelming task for the staff. If no record of policies exists, try this method for creating the manual.

Determine the major categories in which to segment your policies. Categories might include finances, board of directors, meetings, membership, etc. Refer to the more inclusive listing below.

Make copies of the meeting minutes for the past five years and bind them. Find a volunteer (often a retired past officer with good recall, or the current elected secretary) who is willing to read or scan the minutes.

They should look for motions that translate into an association policy. For instance, “A motion was passed to distribute the financial reports on a monthly basis,” would be a policy. A motion referring to the site of the next annual meeting, for example, would not translate into a policy.

Use a highlighter and a pen. Highlight every motion that reads as a policy. In the margin, indicate what category the policy fits within.

Give the binder of minutes to a typist and explain that only the highlighted phrases are to be typed, and then organized (cut and paste) by the categories indicated in the margins. Have the document returned for final editing by the association CEO or executive officers, rephrasing policies that are unclear, eliminating outdated or redundant policies.

Categories

- Awards & Scholarships
- Board of Directors
- Bylaws
- Calendar
- Chapters
- Committees
- Education
- Finances
- Government Affairs
- Meetings & Conventions
- Membership
- Publications
- Reimbursements

Common Association Policies

E-Mail - Internet Policy

Internet Usage

E-Mail

Downloading Software

Apparent Authority

Credit Card Usage

Investment Policy

Audit and Audit Committee

Legal Audit

Distribution of Meeting Minutes

CEO Performance Evaluation

Consent Agenda

Strategic Processes

Long Range Plan

Strategic or Policy Governance

Logo Usage

Antitrust Avoidance

Liquor Liability – Hospitality Suites

Hospitality Suites

Sexual Harassment

Financial Reserve

Insurance Coverages

General Liability Insurance

D & O

Fiduciary Bond

Convention Cancellation

Endorsements and Affinity Programs

Minutes

Committee Liaisons

Authority

Committee Original Works

Travel Protocol

Staff Travel

Notification of Travel

Diversity - Inclusivity

Listserves and Bulletin Boards

Board Member Orientation

Confidentiality

Copyright©

Code of Conduct

Privacy and Refunds

Member Information

Refund Policy

Whistleblower Clause

Executive Sessions

Conflict of Interest Disclosure

Record Retention

Compensation Policy

Public Records

Policy Development Discussion Worksheet

1. Are the organization's policies clearly communicated to new board members?
Yes ☐ No ☐

2. Is the policy manual up to date? Yes ☐ No ☐

3. What policies should the board consider for adoption?

- Record Retention - Document Destruction
- Logo Usage and Limitations
- Apparent Authority – Stationery Usage
- Confidentiality of Documents and Discussions
- Savings Reserves
- Investment Policy
- Insurance Coverages Required
- Antitrust Avoidance
- Credit Card Usage
- Check Signing Authority
- E-Mail – Computer Usage
- Software Licenses and Downloads
- Liquor and Hospitality Suites
- Endorsements – Affinity Programs
- Sexual Harassment
- Affiliates and Subsidiaries
- Whistleblower Clause for Staff
- Executive Session Usage/Process
- Membership Privacy – Confidentiality of Records
- Listservs – Bulletin Boards
- Diversity – Inclusivity
- Intellectual Property Ownership

Suggested New Policies:

- _____
- _____
- _____
- _____
- _____

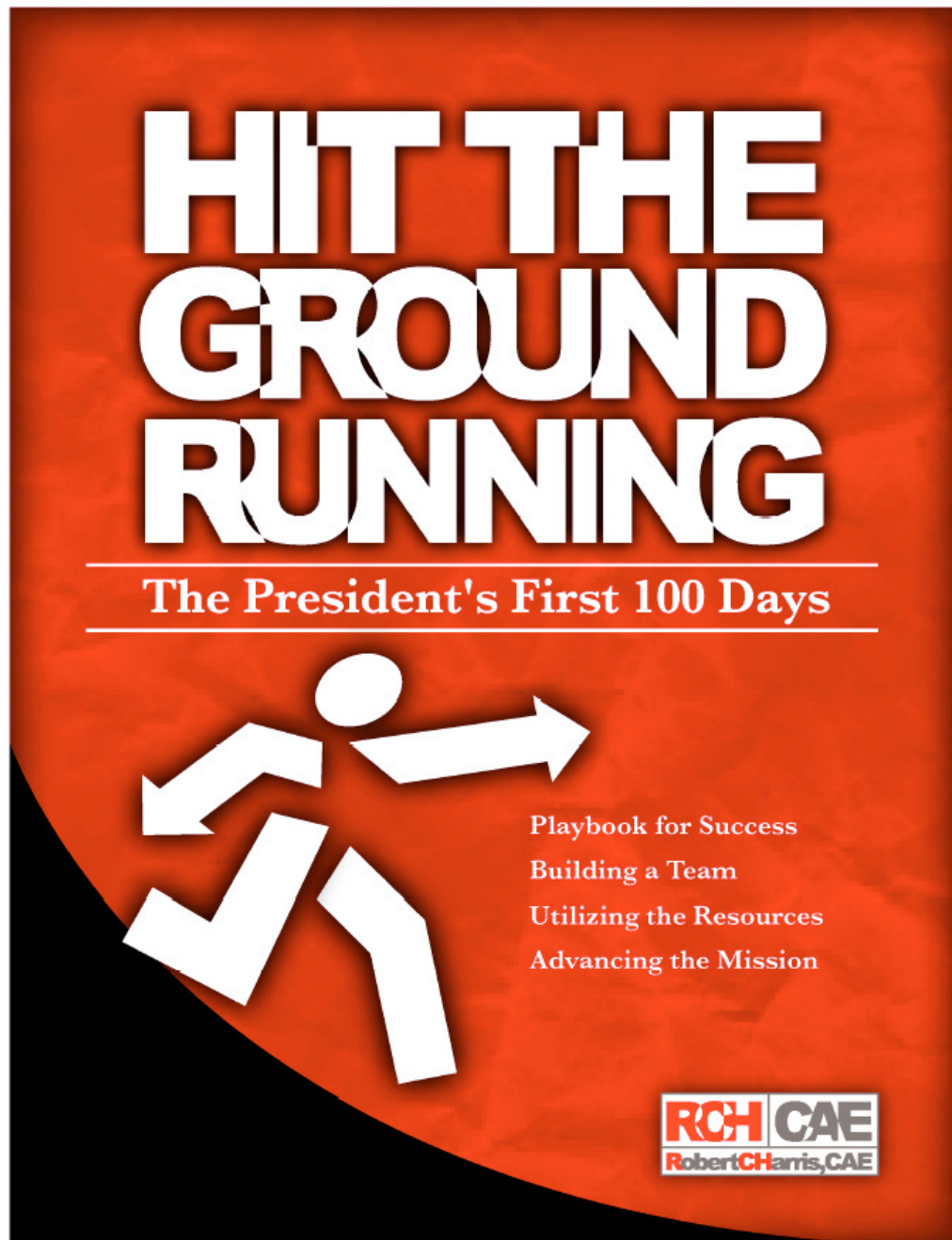
Risk Management Quiz

1. You paid an artist to create a great logo for 2009 convention. You want to use it the second year with some minor changes – who owns the logo?
2. The board chairman appoints several committees and authorizes them to take actions on behalf of the board. Do the committees need to keep minutes or not?
3. You ask a committee to help you sell \$15,000 in sponsorships. They write in their promotional brochure or minutes, “we are seeking advertisers totaling \$15,000 to support the organization.” What’s the problem with this statement?
4. Outside the expo you hear 3 members talk about charging higher prices. One of them says she’s raising her rates and the other two are nodding in agreement. What should you do?
5. One of your chapters brings t-shirts to sell at the convention. Should they collect sales tax?
6. You create a Facebook page supplement your own website in hopes of raising interest from non-members. Someone you don’t know adds a comment about one of your supplier members “ripping off her company.” Somebody posts a copyrighted article on the Facebook page you created for the organization. What are the problems?
7. The Weather Channel says a storm might strike in 5 days. Your keynote speaker cancels and 20% of the exhibitors pull out. Members are calling about refunds. Cancellation is imminent. What type of insurance do you rely on to keep the organization whole?
8. To sell memberships you buy an industry list including fax numbers. You fax them all a solicitation to join. Any problems?
9. You announce in your newsletter that the organization is considered a respected expert and thus the Board has endorsed a new product. What steps did you take before the endorsement?
10. You mail member dues renewals. What disclosures are required if you are not a 501c3 organization?

Bonus Question – Identify at least 3 steps you take to *reduce liquor liability*.

#1 – intellectual property, transfer of ownership, copyright, registration; #2 - IRS policies, minutes; #3 – UBIT; #4 – antitrust avoidance; #5 – sales tax collection/reporting; #6 – social media, antitrust, copyright infringement, apparent authority; #7 – convention cancellation insurance; # 8 Fax – junk, opt-out, #9 – FTC on endorsements; #10 – IRS dues notices.
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Leadership Nominations and Orientation



To acquire a free PDF copy by e-mail, contact bob@rchcae.com requesting "Hit the Ground Running Mr. President." 30 pages

Increase the Leadership Flow

Volunteer leaders are a key element for every nonprofit organization. The challenge by most organizations is “How do we get more leaders?”

Think of leadership development as a pipeline in which interested volunteers enter and knowledgeable leaders exit. To increase the pipeline output, you create funnels (initiatives) to encourage leadership. Broaden the pipe so that an ample number of volunteers enter the stream.

**“How do we
get more
leaders?”**

If your leadership development is down to a trickle, consider these initiatives.

Pose the Question - Ask! - Every leader remembers who asked him or her to consider a leadership role. Surveys report that members feel overlooked when they are not asked to serve. Make a list of potential leaders and have respected, experienced leaders make personal contact.

Leadership Academy - Academy is a leadership-training course over several days or months. The results are graduates eager to apply what they've learned. The Maryland State Bar Association describes their academy in detail on their website at www.msba.org.

The American School of Health Association offers Future Leaders Academy. Class size is limited to just four or five per year and applicants must be approved. A two-year commitment is expected, said Susan Wooley, Executive Director.

If developing a leadership academy isn't practical (because of a small number of potential leaders or limited resources), check for organizations already offering leadership classes (chamber, college, and associations). Collaborate with existing programs and fund member scholarships to enroll.

Handbook on Leadership – Draft a booklet on the purpose, benefit and opportunities for leaders. Publish the booklet or save as a PDF and liberally distribute to new members, chapters and committees. Volunteers will consider the leadership opportunities; a proven technique used by the Young Lawyers Division of the American Bar Association.

Include chapters on goal setting, problem solving, meeting protocols, board opportunities, etc. Past leaders should contribute advice and expertise to create the book.

Board Member Guests – Invite members to observe the board in action. “We strategically invite up to four dentists to sit in on board meetings,” said Robert Boose, executive director at the Massachusetts Dental Society. To promote diversity the selections include two women dentists, a new dentist with less than ten years in practice and a non-Caucasian dentist. The seats are non-voting but the guests may actively participate in discussion.

Shorten the Leadership Ladder - Not every volunteer wants to give three to nine years to ascend a leadership ladder. Shorten the path. Find positions without the prerequisites of committee service, officer positions, and chairman of the annual convention, for instance. Amend the bylaws to fast-track leadership.

Organizational Chart – Members want to know how and where they fit in as leaders. An organizational chart depicts the hierarchy, relationships between board and committees, and the flow of information.

Progressive Training – When you identify the skillsets associated with leadership, you can build progressive courses. The Ontario Real Estate Association has developed leadership 100 through 500. Course levels build upon the prior - from serving on a committee to chairing a provincial association. OREA has packaged the content to train Realtors® across Canada.

Transparency - Nobody wants to join a board that appears secretive. Adopt the principle of transparency in the organization. It is characterized by open meetings, access to information, collaborative efforts and respect for new ideas and people.



Leadership Orientation - Board members who receive no orientation will sit quietly for many meetings until they feel that they understand governance expectations. A good leadership orientation increases confidence and understanding of volunteers. Design an orientation program that benefits volunteers on your board as well as the other organizations on which they serve.

Celebrate Leadership – Those who contribute time to the organization deserve recognition. Do you promote the prestige associated with leadership? From photos on the website (“Meet the Leadership Team”) to a printed brochure introducing stakeholders to the leaders. The United States Tennis Association publishes “TeamWork – One Team. One Goal” to highlight the leaders and staff in a pictorial directory.

Board Manual - Give leaders the documents they need to govern. From bylaws and articles of incorporation, to the strategic plan and budget - volunteers are handicapped without the information. Some organizations format the board manual in a notebook, on a thumb-drive, as a CD-ROM or maintain it on password protected website as a virtual manual. Be sure to include written job descriptions for officers and board so they don’t have to learn by trial and error (board job descriptions are available at www.nonprofitcenter.com.)

Leadership Development Committee - A nominating committee traditionally focuses on current year potential leaders. Organizations are expanding the role of the committee to a broader Leadership Development Committee. Duties include identifying the slate of candidates, facilitating a board evaluation process, participating in orientation and

updating the board manual.

Schmoozing – Offer an opportunity for prospective leaders to meet the leadership team. Plan an event where guests feel special and discussions focus on leadership. The Louisiana State Bar Association included the concept of speed-dating to acquaint new directors with the officers and staff.

Wilford A. Butler, CAE, reports success at a presidential reception where the theme was, “Everything you Wanted to Know About the Association --- but Never Asked.”

Young Leaders Forum - Young leaders often have more time and energy. They are eager to test their skills. Organize a group of motivated young professionals. Many organizations find the young professionals to be a self-governed council or committee that is willing to undertake fund-raising and special projects. Dennis Yocom, Executive Vice President at the Professional Insurance Agents of Virginia and DC, focuses on drawing young leaders to the board.

Position the Call – In many cases it’s all about *how you ask* for volunteers. The Special Libraries Association (SLA.org) posts “Why Seek a Leadership Position.” If the call for volunteers looks the same every year, then you might get the same minimal response.

Helen "HD" Dimsdale, Senior Director, Public Affairs at the National Cable and Telecommunications Association, sends out a message for volunteers, advising them of how leadership opportunities can supplement their career and benefit their resumes, especially in the current economy. For anyone without a job, the volunteer experience may be a stepping stone towards employment.

In closing, to quote Peter Drucker, “Leaders grow - they are not made.” The process to develop leaders should be a continuous effort of board and staff (most organizations include it in their strategic plan.) Mix and match these strategies to improve the flow of new leaders in your organization.

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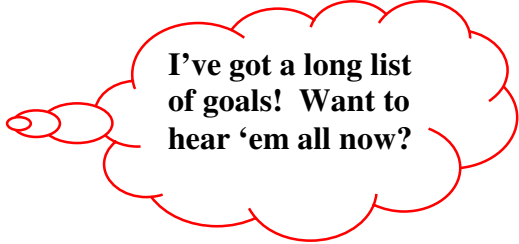
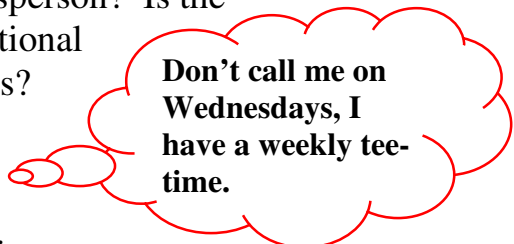


Note: Bob Harris, CAE, can be contacted at bob@rchcae.com. Contributions to this document were offered from ASAE listserv and colleagues. For free association management tips and templates visit www.nonprofitcenter.com.

Important Officer – Executive Questions

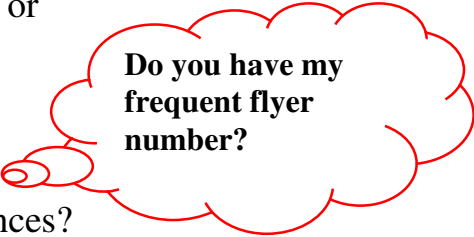
Fifteen (15) questions to dialog between **incoming president** and **chief staff executive**.

The Relationship

1. **Expectations** - What can the president anticipate for support from staff? What can staff expect from the president in the spirit of teamwork and accessibility?
2. **Outcomes** – What do you wish to achieve during your term of office? Are there two or three things that will mark your term's legacy?
3. **Barriers** - Do any limitations, surprises or hidden agendas exist? Is there anything we really need to address to ensure understanding of each other?
4. **Communications** - What is the preference for staying in touch; how frequently? Are e-mails with attachments OK? Do you want to schedule a consistent call time? Do we need to meet in person; at whose office?
5. **Spokesperson** – Who will serve as primary spokesperson? Is the president comfortable with knowledge of organizational history, milestones and goals for speaking purposes?
6. **Calendars** - Are there some days, weeks or months that should be avoided? What about vacations and holidays of the president and executive director?
7. **Partnering** - How can we work together to best serve the organization? One or two ideas each.
8. **Recognitions** – During the year, awards and recognitions are important. What ideas do you have to recognize volunteer and staff excellence?

About our Organization

9. **Committees** - Who appoints committee chairs, vice chairs; and charges them with work? Are committees expected to keep minutes? Will there be committee liaisons from the board and staff?
10. **Performance** – A performance review of the executive director should measure nonprofit management skills. How will the review be conducted? Will the president conduct a *review of the board's performance*?
11. **Leadership Development** - What type of orientation or board retreat is planned? How will you focus on future leader identification and development?
12. **Strategic Plan** – Will the strategic plan be *the* primary guide for board, staff and committees? When does the plan need to be updated?
13. **Agendas and Meetings** – How involved is the president in setting meeting agendas? Are there special expectations or needs regarding meeting sites and set-up?
14. **Travel** - What expectations are there for travel? What is already scheduled? How are reservations handled? What about travel preferences?
15. **Finances and Budgeting** – Are budget line items understood, as well as the organization's financial policies? What process will be used to draft the next budget, and when will it start? Is the president reimbursed for expenses? Is the audit process understood?



Do you have my frequent flyer number?

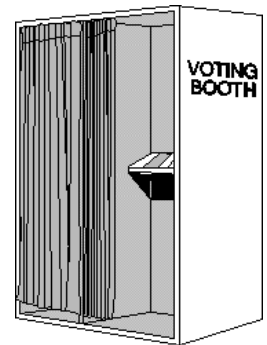
Dialog - Pres and Exec Dir Conversation 4-07.doc

Nominations - Board Development Committee

Some organizations have turned their Nominating Committee into a more comprehensive *Board Development Committee*.

A nominating committee is narrowly focused on proposing a slate of candidates and disbands soon after. A Board Development Committee (BDC) works year-round to make improvements to governance, leadership and the board of directors. In this way, the *leadership takes responsibility for self-improvement*. Here are the BDC responsibilities:

Leadership Academy – A seminar or series to encourage and education potential leaders. Topics may include understanding finances, committees, board governance styles, project management tips, diversity and networking. “Leadership Academy” can take place in several locations, or might be added to the annual conference. The BDC is responsible for developing format, content, handouts, recommended readings and speakers.



Board Assessment – There are many tools to evaluate the effectiveness and satisfaction of the board of directors³. Ideally, the BDC conducts the evaluation process rather than the chairman of the board or the staff.

Skillset – The BDC should identify and *document* what makes an ideal leader for the organization (i.e. commitment to the organization, consensus builder, availability of time, good fund-raiser, etc.).

Orientation – Every organization utilizes a different method of leadership orientation. Sometimes it is conducted at a retreat; other organizations simply have staff brief new volunteers at the office. The BDC should design the best possible board orientation.

Governance Structure – From time to time the board should consider the best possible governance size, structure, procedures, etc. The BDC can periodically undertake a review of options and practices.

Nominations – The BDC has responsibility for a smooth nominating process. Because of the committee’s other programs --- leadership academy, skillset identification, orientation --- the job of identifying new leaders will be easier.

Some organizations are desperate for volunteer leaders. The Board Development Committee works year round to develop new leaders.

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Board Development Committee.doc

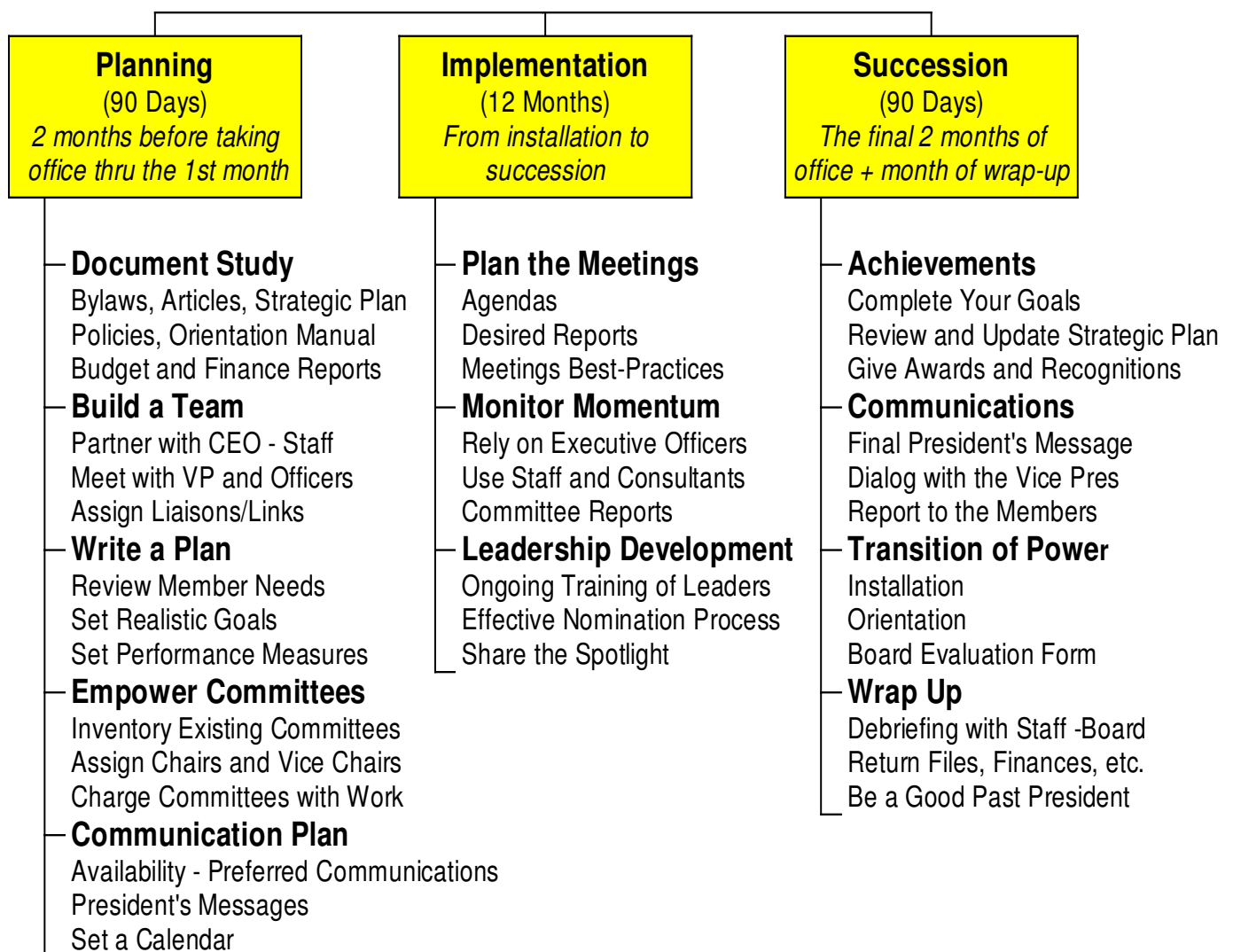
³ Visit nonprofitcenter.com for free board management tools, including an assessment template.
Board Roles and Goals – Bob Harris, CAE

Phases of the President's Year

This template identifies *three phases* for the president-elect or chair to execute an effective program of work.

"People don't plan to fail --- but a lot of people *fail to plan*."

President's Planning Year 2-06.doc



Effective Committees

I Survived a Year on a Committee!

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)

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.)

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.

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.

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.

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.

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.

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.

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.

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.

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.

#

Committees Review

Introduction: Committees work for the board to advance the mission and goals. Their authority comes from either the bylaws (standing committees) or the appointment by the current term president. Committees do not have authority to act on their own, speak for the board or contract on behalf of the association. Every committee requires staff time to maintain, monitor and assist.

In recent years, organizations have downsized committees that were not effective or had minimal return on investment. Quite often an organization will align all committees with the goals in the strategic plan. Committees that do not easily align may be eliminated or merged with other committees.

Purpose: The purpose of the committee review is to determine if committees are effective and offer a ROI. Are there committees that have existed but no longer know their purpose? Do all committees generate income and resources, or are they a cost to the association? Should any committees be merges, transitioned to a task force (called upon only as needed.)

The first two columns identify the committee, chair person and staff liaison. The third column questions the authority to exist – was it appointed as a current year task force or is it specified in the bylaws? The fourth column asks if the purpose statement or mission statement exists and is clear to the committee? The final column calls for the recommendations to keep, eliminate, revamp or merge.

Committee	Chair Staff Liaison	Authority to Exist (bylaws, appointed, task force?)	Purpose and Clear Mission Statement?	Recommendations: Phase Out/Eliminate Combine/Merge Revamp/Redesign
Executive		Bylaws	Described in bylaws.	Continue as required by bylaws.
Finance				
Membership				
Programs				
Legislative				
PAC				
Nominations				
Governance				
Trade Show				
Scholarship				
Training/Educ				
Past Presidents				
Life Ach. Award				
Golf Tourn.				

Committee Minutes Template

(Note: IRS Form 990 asks if “committees with authority” keep minutes.)

Date: _____ Name of Committee: _____

Chairman: _____ Ex officio and/or Liaison: _____

Committee members present:

Type of Committee: _____ Standing _____ Special/Task Force/Ad Hoc

Motions Made and Outcomes (include exact wording):

Economic Impact/Resource Needs:

Interface with Another Committee? _____ Yes _____ No

Report Submitted to: _____ Date: _____

List any Attachments/Supporting Documents (staple)

Signature: X _____ Position: _____

Committee Meeting Evaluation

Self-Evaluation & Meeting Feedback⁴

Feedback and Input to Improve Governance and Board Meetings	Very Comfortable	Somewhat Comfortable	Somewhat Uncomfortable	Very Uncomfortable	Not Sure N/A
1. Meetings agendas and room set ups are conducive to achieving meaningful results.					
Comments					
2. Committee focuses on goals that support the mission statement.					
Comments					
3. Chairman encourages and respects diverse viewpoints and new ideas.					
Comments					
4. Lines of authority and responsibility are clearly distinct between the committee, board and staff (staff is utilized as a valued resource.)					
Comments					
5. Outcomes are relevant to members and advance the mission statement.					
Comments					
6. Discussions focus on the future solutions rather than discussions of the past.					
Comments					

Committee Meeting Evaluation 11-09

⁴ The purpose of the feedback form is to make steady improvements in our committee work. Thank you for your time and feedback. If you'd prefer your comments be confidential, please return your survey to the committee chair.

Strategic Direction - Planning

Terminology of Planning

Strategic Planning Terminology

STRATEGIC PLAN

A process and resulting document to guide the organization. A roadmap for the leadership, staff and committees.

Some of the best plans are only a few pages. Format it so it is easy to read and serves as a PR document.

MISSION

The mission statement is the reason for the organization's existence; its purpose.

Crisp and short; easy to articulate and clearly understood.

VISION

Vivid description and aspiration to describe how the organization desires to be perceived.

For example, "the most credible resource and united voice of the industry."

VALUES

Guiding principles for the organization.

For example: integrity, customer focus, transparency and diversity.

GOALS

The core competencies and desired outcomes.

Identify 3 to 7 realistic, well-stated goals for the organization.

STRATEGIES

The programs and projects for achieving the goals.

Be realistic, yet creative, in setting ways to advance the goals.

TACTICS

Identification of deadlines, delegation and key performance measures.

Precise aspects of the plan; often identified *after* the planning team has concluded their efforts.

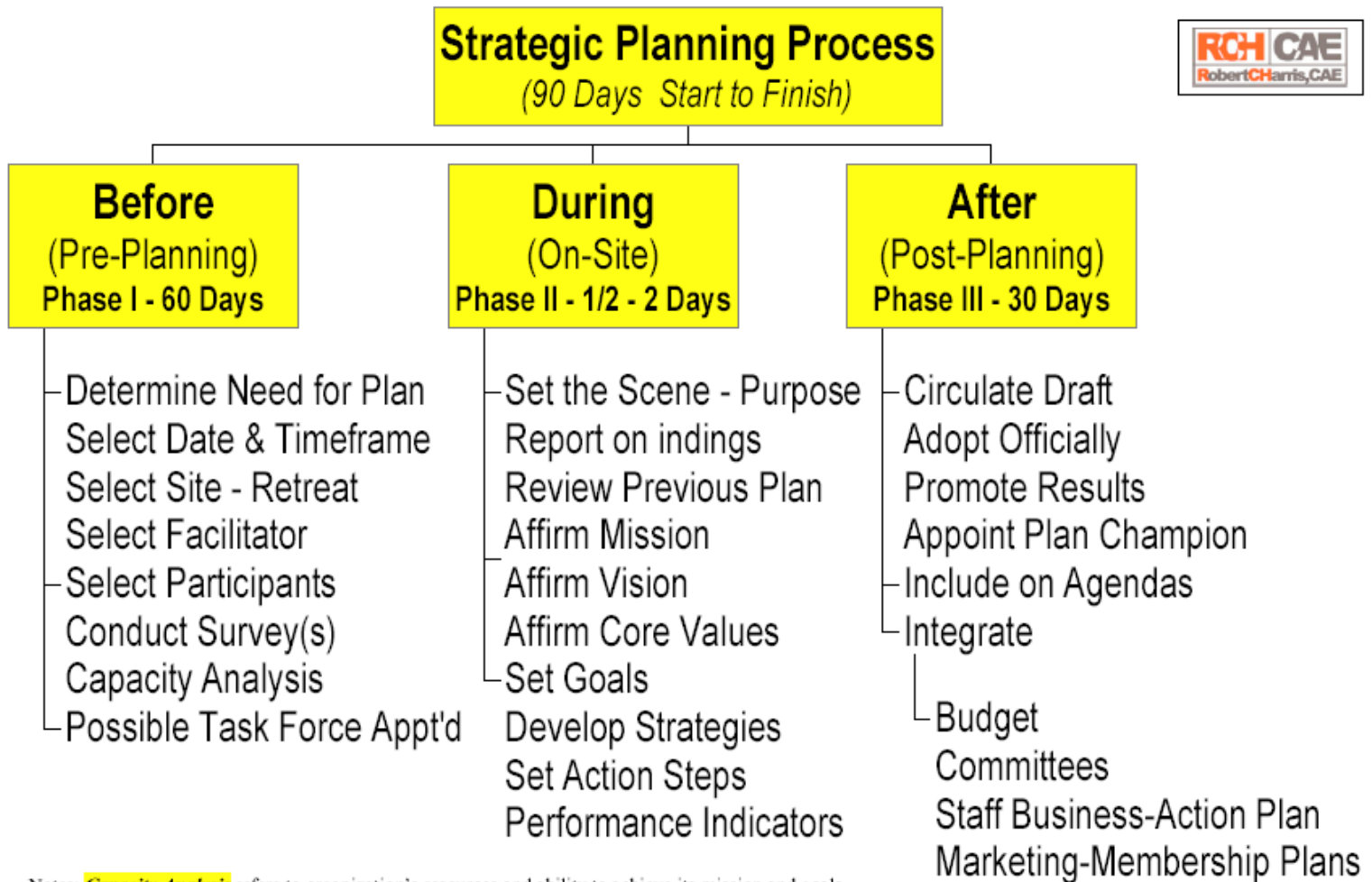
ACTION PLAN

A detailed document to support the broader strategic plan.

Create a business plan or matrix to monitor progress of the plan.

© 2008

Planning Process – Before, During, After



Notes: **Capacity Analysis** refers to organization's resources and ability to achieve its mission and goals.

Goals and strategies *must* be realistic, achievable, and measurable. **Integration** with budget and committees is critical. Additional resources available free at www.nonprofitcenter.com. For strategic planning, board orientation and seminars contact Bob Harris, CAE, at 850/570-6000 or bob@rchcae.com

Strategic Planning-Before, During, After 1-10.doc

Strategic Plan Scorecard

This **Scorecard** encourages leadership and staff to evaluate the current strategic plan. Each question covers a key aspect of a plan. Use school-based grading scale of A to F, including +/- (i.e. C-).

Alignment The plan should align with key elements in the organization – budget, committee work, board agendas, staff departments, chapters, etc. Some plans are developed at a retreat but never integrated — leaving the plan as a stand-alone document. <i>Rate how well the plan is integrated and aligned within the organization.</i>	GRADE
Elements A plan has key elements: (1) mission, (2) vision, and/or (3) values statements, (4) goals, (5) strategies and (6) actions and/or performance indicators. <i>Rate the existence of these elements and their perceived quality.</i>	
Clarity The plan should be easy to understand, apply and monitor. Some of the best plans are communicated in just a few pages. <i>Rate the ease in reading and using the plan as a guide.</i>	
Span A plan generally covers 3 to 5 years. Annually it should be reviewed for progress. <i>Rate if the plan's usefulness has lapsed or it is still an effective roadmap with annual reviews.</i>	
Prioritization (long-term) Everything cannot be achieved in the first year of the plan. If the plan covers three years, for instance, then priorities should be determined. <i>Rate the effectiveness of prioritizing goals and strategies over the span of the plan.</i>	

Action/Deployment (Short Term) To delegate and trace the work, many organizations transform the strategic plan into a 12-month action or business plan for staff and committees. It may take the form of a matrix or table setting assignments, accountability and deadlines. <i>Rate how well the strategic plan has been transformed into an action plan to guide current year efforts.</i>	GRADE
Goals Strategic plans frequently set just 3 to 7 goals (sometimes considered "core competencies.") Each goal should be supported by several strategies to achieve the goal. <i>Rate the number of goals and whether or not they are supported by clear strategies. Are any major programs missing from the plan?</i>	
Awareness Appropriate stakeholders should be aware of the strategic plan. Has the plan been converted into a promotional brochure, on-line document and/or used in the newsletter? <i>Rate how well the plan has been communicated to stakeholders (i.e. members, allied organizations, government, chapters, suppliers, etc.)</i>	
Social Responsibility Most nonprofits are organized to advance a cause or support a community. This should be evidenced in the mission, stated values (i.e. ethics, standards, and stewardship) and through effective programs of work. <i>Rate whether or not the organization maintains a recognized role in community enhancement and societal benefit.</i>	
Extra Credit! What elements make your organization's plan exceptional?	

Reading the Organization – Capacity Analysis

1. Budget - Annual

- Dues to Non-Dues Income Ratio
- Largest Income Line Items – Can they be improved upon?
- Reserve Balance, Goal or Policy

2. Organizational Structure

- Subsidiaries
- Complexity, Purposes

3. Committee Structure

- Effectiveness, Standing, Task Forces (ad hoc)
- Committee Goal Setting-Charges

4. Board of Directors

- Board Size
- Meeting Minutes, Agendas
- Accountability, Governance Style
- Leadership Development

5. Member to Prospect Ratio – Potential

- Diversity - Inclusivity

6. Technology, Website Usage and Communications

7. Benefits and Services Portfolio

- ROI – Perceive Value of Benefits
- Members' Top 3 Challenges – Solved by Assoc?
- Tangible vs. Intangibles
- Golden Handcuff Benefit
- Competitive Position – Different from other Organizations

8. Member Input, Survey Frequency

9. Risk Management

- Insurance
- Expulsion, Due Diligence, Endorsements, Finance Audit, Antitrust, Apparent Authority, Restraint of Trade

10. Workforce, Respect, Micromanagement, Professional Development \$, Relationships

Analyzing the Organization



Strategic Plan – Member Brochure Samples

MISSION

The Tennessee Chiropractic Association promotes and protects the art, science, philosophy and practice of chiropractic.

VISION

The TCA recognizes the chiropractic profession as the first choice in wellness-based health care and will work to promote access for all Tennesseans.

VALUES

- Patient Care
- Diversity
- Trust and Integrity
- Leadership
- Collaboration

GOALS

- **Membership Growth, Service, Benefits and Education** – Serve the needs of members by providing meaningful benefits, services and education programs which support retention and recruitment.
- **Public Awareness of the Chiropractic Health Paradigm** – Promote public awareness of the chiropractic profession by creating a positive image and presence for chiropractic professionals by improving both the internal and external marketing and communication efforts.
- **Be A Model Association** – Maintain a highly effective governing board and organizational infrastructure that serves the needs of the members and is recognized

STRATEGIC DIRECTIONS

I. Membership

- Maintain an annual retention rate of 90%
- Grow the membership at a minimum of 6% per year with the goal of 80% market penetration
- Examine the feasibility of developing a TCA independent physician association (IPA) to serve TCA members
- Consider developing a TCA practice management service
- Develop a member assistance/office audit service to help doctors practice more efficiently and effectively
- Create a New Doctor Service Center
- Take our Chiropractic Therapy Assistant (CTA) program to the national level

II. Public Awareness

- Internal - Improve internal communications among leaders, district members and staff by developing systems and technology to keep everyone informed.
- Diversify technology to meet communication preferences of varied member segments.
- Create a timeline of association highlights over the previous 75 years.
- External - develop a package of essential marketing tools and tips for members to use in promotion of their practice to the local community
- Develop and invest in a long-term strategy for communicating TNCHIRO and other messages to the public
- Identify the resources, talent and costs associated with a long-term public awareness plan including ways in which it would be funded.

III. Government Relations

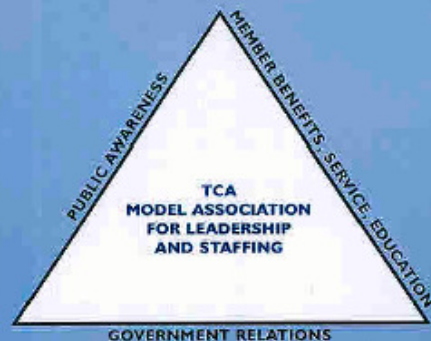
- Maintain a strong lobbying presence on Capitol Hill
- Monitor and protect changes to the Chiropractic Practice Act and related rules and regulations
- Anticipate and act on all chiropractic legislative opportunities
- Increase doctor involvement and participation in political action funding with the goal to make TCA PAC an annual leader in political fundraising in Tennessee.

IV. Be A Model Association

- Maintain an infrastructure that serves the needs of members and is recognized as a national model of excellence.
- Maintain financial stability and seek new revenue sources
- Create a Policies/Procedures Manual which serves as an organizational guideline for volunteers and staff
- Set a success policy for the long-term financial stability of the TCA and

TNCHIRO.com

TENNESSEE CHIROPRACTIC ASSOCIATION



**Strategic Plan
to 2012**



NORTHEAST FLORIDA
ASSOCIATION OF REALTORS

Strategic Plan

Date Developed 1/6/2009



MISSION

“To Serve as Your Advocate and Resource for Real Estate in Northeast Florida”

VISION

“To be the Association of Choice for the Real Estate Professional”

Strategic Goal #1

The Voice and Advocate of Realtors®

Government Relations and Public Awareness

Strategies

1. Government Affairs
 - Collaboration with Northeast Florida Regional Chambers and Associations
 - Create Member/Public Awareness of Economic Impact of Politics to Promote RPAC
 - Local, State, National Monitoring and Influence
 - Affordable Housing Priorities and Initiatives
 - Create Relationships with Smaller Boards
 - Home Retention Legislation
 - Monitor & Support National Health Insurance Benefit in Congress.
2. Communications/Public Relations
 - Primary Voice for Homeownership
 - Create a Long Range Marketing/Communications/Public Relations Plan on the Role and Value of a Realtor® and NEFAR.

Strategic Goal #2

The Realtor® Knowledge Center

Education, Professional Development, Resources and Knowledge in Real Estate

Strategies

1. Annual Future Forecast Report
2. Repurpose & Repackage Existing Content
3. Deliver Education Services to other Boards
4. Protect Intellectual Rights
5. Communication Technology
6. Develop the NEFAR Housing Institute as a Consumer/Public Service

BHAG – Project 2009-2014

NEFAR to take a leadership role in the community by offering assistance to homeowners and members of the public who are experiencing foreclosure, short sales, bankruptcy or other real estate concerns due to their economic situations. NEFAR shall create a “Housing Institute” as a public service to provide consumer education and assistance.

Strategic Goal #3

Successful Realtor® Operations

Member Growth, Benefits and Services

Strategies

1. Increase Member Involvement
2. Leadership Development Academy- Develop Future Leaders Desiring to Move Up

Strategic Goal #4

The Model Association

Leadership, Staff, Resources and Structure

Strategies

1. Review of Area Council Structure, Funding and Operations
2. Leadership Succession and Training with Intent to Govern & Advance Up
3. Staff Professional Succession Plan
4. Headquarters Office & Location
5. Maximize Use of Past Presidents

VALUES

- Future Focused
- Instill Excellence
- Consumer Focused
- Promote Diversity
- Encourage Ethics/Integrity

Mission Statement

An organization's **MISSION STATEMENT** communicates its reason for existence. It should complement the IRS submitted "statement of purpose," communicating a concise, compelling image.

It is a board responsibility to determine and advance the organization's mission. The strategic planning retreat is when a board reviews, affirms or updates the statement. Leaders and staff should be able to easily articulate the mission.

Most statements answer three questions: Who we are, whom we serve, and what we offer.

An organization that cannot find its mission statement should reference the IRS Form 990 to reference the "statement of purpose," as well as the preamble to the bylaws and articles of incorporation.

Contemporary mission statements are 15 to 25 words — conveniently fitting on the back of a business card and the bottom of a meeting agenda. Let clarity determine length.

The primary audience — persons served by the organization — should be near the start of the statement. If a secondary audience is identified, (i.e. for the benefit of the public, enhancing the community, suppliers), identify it in the latter part.

Omit references to history or successes; those should be communicated in narratives about the organization.

Do not mistake mission with a vision statement (long-term desired outcome as a result of accomplishing the mission) nor a values statement (principles for governing and managing the organization.)

Promote the mission statement often: on the front page of a website, in the conference room, on coffee mugs and on the back of name tentcards, for instance.

Be cautious not to broaden the mission statement reviewed by the IRS; potentially endangering tax-exempt status

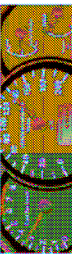
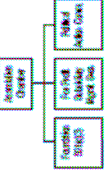
"The Society serves as a leading component, committed to the diverse needs of members by providing and pursuing excellence in advocacy, community service and education"

"The Association is the unrelenting advocate for physicians, ensuring health for all citizens."

"The Chamber helps its members grow and prosper by building relationships, developing their employees, promoting best practices, and by effective political involvement."

Anatomy of a Mission Statement
R. Harris Spring 2006
www.aanproficiency.com

Plan Alignment

						
The Voice of Independent Insurance	The Agency Essential Resource	The Respected Expert	Organizational Performance (Viability)			
Advocacy and Government Affairs	Membership Growth, Benefits and Services	Professional and Workforce Development	Governance and Management			
- Government Affairs - Consumer Awareness	- Benefits and Services - Recruitment and Retention - Member Awareness and Involvement	- Education and Information - Recruitment and Retention	- Personnel - Finance and Resources			
–	35% Dues 30% Programs - NASC	12% Conference 25% Education	–			
Trusted Choice Legislative PAC Public Relations	Membership Dev. Young Agents	Technology Agency/Profession Development Annual Convention Farm/Rural Agents	Technology Executive Nominating Finances/Audit Board Dev. Strategic Planning			
Government Affair Contracted Lobbyist	Membership Staff	Education Staff	Executive Director Bookkeeping Office Manager			
- Successfully passing law. - Members visiting the Hill. - Growth of PAC by % annually. - Member involvement in Gov't Affairs Committee.	- Retention rate at 90%. - Market share/potential members. - Addition of relevant benefits. - Profitability of Svc Corp.	- Member attendance at events; % growth. - Profitability. - Satisfaction surveys.	- Staff longevity. - Adequate training of future leaders. - Budget goals and audit. - Savings reserve.			
Political Action Committee	NASC Service Corp.	Foundation	Foundation			

Principles of Strategic Board Governance

What form of governance does the board utilize? What elements of Strategic Governance can be applied to our leadership processes?

- ❑ Clear *mission*⁵, *vision* and *values* statements guide leaders and staff.
- ❑ The *strategic plan is the driving force* for agendas, board discussions and the focus of *successive leaders*.
- ❑ The goals and strategies are translated into a more precise (tactical) *business* or *action plan* by staff.
- ❑ *Performance measures* are the basis for gauging progress.
- ❑ The *chief elected officer charges committees* with work from the plan. Committees have access to the board through a director or staff liaison if they are chaired by other than board members. *The board of directors does not do committee work at the board table.*
- ❑ *When non-strategic discussions arise*, a member of the board or staff is empowered to query the relevance of the discussion.
- ❑ *Board members are responsible to each other* – taking pride in their follow-through and achievements while serving in the leadership role.
- ❑ The *strategic plan is revisited annually*, and updated every three to five years.

We Are A Strategic Board!

- The Board of Directors will act in a strategic manner, focusing agenda items, discussion, and all efforts on the future vision and not the past.
- The strategic plan, goals, mission, vision and values will drive the Board.
- When non-strategic issues arise, they will be delegated to staff or appropriate committees – not be undertaken by the Board. Issues that arise outside of the strategic plan are not appropriate for Board work.
- The governing style of the Board of Directors will optimize diversity, teamwork, pro-activity, self-discipline, the long view, customer focus, win-win deliberation, full participation, and maximum empowerment of subordinate groups of the organization.



⁵ Statement of purpose.



Commitment to the Strategic Plan

After developing the strategic plan, there is a need to commit to its purpose and success.

Immediate steps after the planning retreat:

- Circulation of the final *draft* for review.
- At an upcoming board meeting, adoption of strategic plan as the official mission, goals and strategies, by a motion of the board.
- Promotion of the plan to members, prospects and stakeholders.
- Monitoring and reporting on the plan by appointing a “Strategic Plan Champion” or several “Goals Champions.”
- Review and alignment of committees, with clear and specific charges assigned to committee chairs; each year.
- Annual evaluation of strategic plan’s progress at the board’s retreat.
- An update of the plan every three to five year.

With these steps in place, *the board agrees to govern itself in a strategic manner:*

1. Respect for the mission statement and set goals --- avoiding “mission drift” where discussions and proposals simply don’t fit in the strategic plan (lack of resources, trying to be all things to all people, etc.)
2. Reliance on the strategic plan’s goals and strategies to drive the board agendas, discussions, delegation and the work of the board and committees.
3. Linkage between board and committees working to advance the plan; committees having been assigned precise performance measures, targets and goals by the board.
4. Empowerment by board members and staff that if non-strategic issues arise at the board table, it is OK to query how that is relevant to the mission and strategic direction.
5. Accountability for the commitments made by leadership and staff to complete efforts in a timely and high quality manner.

Signature_____ Date_____

Template for Chapter Planning

1)	Mission Statement - A required statement that should align with the statement of purpose in IRS Form 990 and the bylaws; also give consideration to national, state, regional affiliate missions. It should answer express who we are, who we serve and what we offer; be easily articulated and motivating. Usually one sentence. Compare and contrast the mission with related and respected organizations.
2)	Vision Statement - An optional ⁶ statement but an important element in communicating strategic direction. An inspiring statement describing where the organization desires to be. The mission, vision and values help distinguish an organization from others with similar purposes.
3)	Values Statement – Another optional statement but a part of the internal and external images. Values are the guiding principles of the board of directors and staff. Often expressed as bulleted key words or brief statements. Typically 3 to 8 values.
4)	Goals – The goals are broad priorities for the organization, for example “Growth and Expansion,” or “Economic and Workforce Development.” Most strategic plans include 3 to 7 carefully selected goals relevant to stakeholder needs and available resources. ⁷ <i>Goals should be SMART: Specific, Measurable, Attainable, Realistic, and Timely.</i> Goals are <u>not</u> likely to change from year to year if they are correctly identified in the strategic plan (the <i>strategies</i> will change with fresh ideas and new initiatives.)
	1)
	2)

⁶ Together, the mission, vision and values statements make up the organization’s brand platform.

⁷ The mission, vision, values inform stakeholders/members of the relevance of the organization.

3)
4)
5)
6)
7)
8)
9)
5) Strategies - Within each goal are strategies, initiatives, projects and priorities that will advance the goal. For example, the “Growth and Expansion” goal may include strategies that suggest creating of 3 new chapters in 24 months, hiring a staff person to focus on expansion, and maintaining chapter stability through leadership training ⁸ . (Report this format to create strategies for each goal.)
a
b
c
d
e
f
6) Tactics and Performance Indicators - To accomplish the goals and strategies, the plan should include accountability and performance measures. Identify who (i.e. committee, volunteers, and staff) will be in charge of the tasks, how success will be measured and the interim dates and deadlines. Be as precise as possible to ensure that progress is monitored and work is accomplished. (<i>a.k.a. KPIs – Key Performance Indicators.</i>) Many organizations leave the tactics up to committees and the staff action plan, rather than undertaking it at the strategic planning retreat. (Report this format to create tactics for each goal.)

⁸ The most common association/chamber goals include: membership, advocacy, education, public relations, economic/workforce development, tourism, organizational efficiency.

i
ii
iii
iv
v
7) Duration – Determine the duration of the plan; are you planning for two, three, four or five years? <i>Be realistic; national organizations usually plan 4 to 5 years; smaller organizations are more flexible, and may plan for 2 or 3 years.</i>
Years _____
8) Plan Champion – Will a member of the board be appointed to monitor and report on the plan's progress?
Name of Plan Champion _____
✓ Stay on Track – To stay on course, review the plan annually and undergo/repeat a full planning session every 3 years.

Notes:

Appendix – Resources

Organizational Performance – Volunteer Questions

Volunteer leaders aim to serve with *excellence*. That might start with knowing as much as possible about the organization. But how does a volunteer know what questions to ask? This form does not provide every *answer* --- it does identify the right *questions*.

ORGANIZATION PERFORMANCE

	Excellent Performance	Average Performance	Below Average Performance	Not Applicable
Finances and Budget				
1. Budget clear, easy to read and compare, current				
2. Ratio of dues to non-dues income satisfactory				
3. Diversity of income streams				
4. Amount of savings (%) to the operating budget.				
5. Investment policy maintained.				
Comments:				
Organizational Structure				
7. Organizational chart useful representing hierarchy and communication channels.				
8. Appropriate subsidiaries established (i.e. PAC, Foundation, For-Profit)				
Comments:				
Governing Body				
1. Board size appropriate for the mission and work				
2. Clear distinction between board and staff				
3. Governing documents are in good order.				
4. Board avoids committee work at the board table				
5. Plan for developing new leaders				
6. Effective communication of board roles and responsibilities; training				
Comments:				
Strategic Plan				
1. Mission, vision and values are clear; promoted.				
2. Plan guides the board and committees.				
3. Business or action plan developed for current year activities; interpreting the strategic plan				
4. Performance indicators or metrics set to monitor advancement of the plan.				

	Excellent Performance	Average Performance	Below Average Performance	Not Applicable
Comments:				
Professional Staffing				
1. Professional development budgeted for staff.				
2. CEO/Staff compensated appropriately.				
3. Succession plan understood.				
4. Longevity of staff appropriate				
Comments:				
Risk Management – Protection				
1. Insurance coverage is adequate.				
2. Audit and audit committee in place.				
3. Antitrust violations are strictly avoided.				
4. Discussions and documents are treated with confidentiality.				
5. Policies adopted to protect against risk.				
Comments:				
Membership, Benefits and Services				
1. Growth rate and pace are adequate (trends)				
2. Industry/Community diversity is represented				
3. Retention rate is satisfactory.				
4. The market share of members (percentage) is appropriate				
5. Members use array of benefits and find them relevant				
6. Benefits and services are packaged and marketed effectively.				
7. A “golden handcuff benefit” exists to retain members				
Comments:				
Committees (Standing, Ad Hoc, Task Forces)				
1. Distinction between standing, ad hoc and task forces				
2. Each committee has a purpose statement				
3. Each committee has current year tasks and metrics				
4. Board and committees have linkage				
5. Committees have plan for succession and leadership				
Comments:				
Technology, Website and Publications				
1. Organization is on leading edge in technology use				
2. Website is respected resource for members and stakeholders.				
3. Publications are contemporary, relevant, respected – serve as the face of the organization				

	Excellent Performance	Average Performance	Below Average Performance	Not Applicable
Comments:				
Overall				
• Our organization is operating at maximum performance				
Comments:				

The ABCs of Boardsmanship

By Eric Featherstone-CAE, and Bob Harris-CAE

Serving on an association, chamber or charity board of directors comes with significant responsibilities. Every new volunteer leader desires to join a highly effective board that has a legacy of achievement --- while members and stakeholders have high expectations of the board of directors.

The *ABCs of Boardsmanship* acquaints directors with key concepts essential to a highly effective board.

Attendance – Make time to attend the meetings. Honor your commitment to be a good board member. Protect the time and dates to attend every meeting in accordance with expectations and bylaws requirements.

Authority – Authority for the board’s actions come from the bylaws. Avoid overstepping the limits of a director’s authority.

Articles of Incorporation - The articles are filed with a state agency, outlining the governance of the organization. Articles tend to be more general and bylaws more specific.

Audit - An assessment of the finances and financial operations conducted by a competent, independent and objective person. Often described as an audit, review or compilation; determined by the board.

Apparent Authority – A Supreme Court case cautions board members to be mindful of how they represent themselves as leaders. Follow the lines of authority for speaking for the organization. The safest response to press, “I can’t speak for the organization but I can give you my personal opinion.”

Audiences – Every organization has multiple audiences. Consider the various *external* and *internal* audiences.

Ad Hoc Committee – A temporary committee with a narrow focus. (See Task Force, Standing Committee.)

Agenda – An agenda guides board meetings. If you want to add an item to the agenda, find out the preferred methods and deadlines for adding issues. There may deadlines or protocols to follow. Committee must vet many issues before reaching the board table.

Antitrust – When two or more people in the same industry or profession get together to discuss business practices, there is possibility of violating antitrust laws. Penalties can exceed millions of dollars.

Affinity Program – The board may recommend as preferred or sponsored program to the members. It should be mission related. (See Endorsed Programs)

Bylaws – The bylaws describe a relationship with the members and stakeholders. They grant authority for the board’s roles and actions.

Budget – The itemized summary of estimated income and expenditures for the year. The budget allows directors to monitor performance.

Business Plan – While the strategic plan guides the board of directors, a business plan describes the action steps and accountability for staff and committees. The business plan supports the longer-term strategic plan.

Conflicts of Interest – Boards should avoid any image of conflicts of interest. For example, if the board is voting on buying insurance, and a director's spouse is an insurance agent, the potential conflict should be disclosed before or during the discussion and vote.

Committees – The board uses committees to achieve results. Be sure charges to committees are precise; and respect their efforts. The board should avoid conducting committee work at the board table.

Culture – Cultural expectations develop over time in every organization. If the board doesn't communicate expectations, ask about them. For example, do meetings start and end of time? Is the board expected to wear multiple hats such as fund raising and publicity, in addition to director duties? Who has authority to speak for the organization? Are their dress code expectations? Turn to the experienced directors for guidance.

Collaboration – Organizations often partner with entities having mutual interests. Be aware of allied and competitive organizations --- and how partnerships might evolve. Avoid creating a silo or isolation.

Confidentiality – Most of the work of the board should be treated with confidentiality. Do not assume that it is OK to disclose board actions and

discussions without knowing the proper channels and carefully crafted messages.

Documents – Directors receive many documents to read and act upon. The information is for governance and should not be shared outside the board meeting in most cases. Establish a system or notebook to manage documents. With the exception of personnel records, most organization documents are available to directors upon request.

Designation – Nonprofit organizations are assigned a designation by the IRS; most commonly referenced as a "501(c)#."

Duties – Legal obligations applicable to directors, including Duty of Care, Obedience and Loyalty.

Effective Leadership – Commit to being an effective leader at the onset. Envision achievements that will create a legacy of leadership for the board of directors. Don't miss the opportunity to work as a team and become a highly effective board.

Environmental Scan – The board has a responsibility to monitor the external influences on the organization. Do opportunities and threats exist that may impact the organization? (Often reference as SWOT – a review of organization Strengths, Weaknesses, Opportunities and Threats.)

Evaluation – Assessment should be a continuous process. Identify benchmarks and performance measures for evaluation. A role of the board is to conduct the performance review of the chief paid officer. Some boards conduct evaluations of board effectiveness, as well.

Endorsements – Some boards select preferred programs and services to recommend to members. Most endorsements result in royalty income.

Executive Director – Nonprofit organizations rely on a chief paid staff position to serve as the executive director. The title has evolved to executive vice president or president and CEO.

Executive Committee – A subgroup of the board of directors with authority for making decisions in the interim between board meetings.

Executive Session – A closed door session of the board without staff or guests present.

Engagement – Board meetings are not the place for distractions. Turn off digital distractions. Prepare by reading materials, making calls to committees and staff with questions, and by being ready to participate in discussions.

Fiduciary Responsibility - Directors are responsible for overseeing finances and resources. When it comes to finances, ask pertinent questions. If financial reports are not clear, bring in the organization's CPA.

Form 990 – See IRS Information Return.

Governance – There is a distinction between board and staff roles. Some directors inappropriately slip into a management role. Governance has its roots from the word, “steering.” A director's role is to set the destination and direction; let the staff use their administrative skills to decide how to best

reach the destinations.

Goals – The board must advance the mission and strategic goals. It's not about a current year theme. Most organizations set 3 to 7 goals or competencies, identified in the strategic plan.

Have fun – Volunteers have various reasons for serving on committees or the board. Some want to give back to the industry through the organization while others would like to promote their business or career. Whatever the reason, try to incorporate memorable activities amongst the work.

Honesty – One of the most important values that should characterize the board and its actions.

Insurance – Board insurance coverage is referred to as “D & O” - directors and officers' liability. Common insurance coverages for nonprofit organizations include general liability, meeting cancellation and a fiduciary bond to cover fraud or acts of dishonesty.

IRS Information Return – The Internal Revenue Service requires nearly all associations, chambers and charities to file an annual information return; also known as Form 990. The document is a public record.

Investments – Most organizations utilize a conservative investment schedule and respective funds.

Job Descriptions - The roles and responsibilities for board members, officers and committees should be in writing and clearly understood.

Knowledge – There is a concept called knowledge-based governance. It suggests that directors make their decisions based on *data and evidence*, not gut reactions of the moment. Knowledge is power while serving on a board. Directors should prepare for meetings by understanding the agenda items and the support information.

Leadership Development – A responsibility of the board is to continually develop new leaders to ascend to board and officer positions. The board should develop leadership development programs, effective orientation, and encourage volunteers to move up the leadership ladder.

Leadership Manual – Information is essential to board service. Many boards are provided with an extensive leadership manual or board book.

Letter of Determination – A public document from the IRS indicating that the organization is exempt from paying federal income tax.

Mission Statement – Every organization has a mission. It corresponds to the statement of purpose submitted to the IRS. Directors should be able to articulate the mission or at least have quick access when asked about the organization's purpose. Other elements of the organization's brand or *public image* include the logo, tagline, vision and values.

Non Profit – Non-profit is a designation of the organization by a government agency. It does not mean the organization can't make a profit. Directors must remember successful organizations need to be run like a for-profit business

and that excess revenue (a.k.a. "profit") is necessary.

Non-Dues Revenue – Membership organizations rely heavily on dues income from members. Other income sources make up the non-dues revenue portion.

Organization Documents – Directors must be aware of the organization's primary governing documents, including the statement of purpose, articles of incorporation, bylaws and policies.

Orientation – The process to acquaint them with the organization, roles, responsibilities, culture and strategic direction.

Policies – Policies are the wisdom of the board adopted to guide future leaders and to interpret the bylaws and articles. Policy changes and adoption are normally done at board meetings by a motion of the directors, while changes to the bylaws often involve a membership vote. Policies are maintained in a policy manual.

Public Records – Nonprofit organizations have specific records that must be made available upon request to the public; mostly IRS documents. Steep fines apply for denial of public records.

Publications – Organizations communicate with members and stakeholders through newsletters or magazines. Board members should read the publications thoroughly so they are aware of the issues and events being communicated.

Quorum - The minimum number of persons on a board or committee, usually a majority, who must be present to

conduct business. Check the bylaws for the quorum requirements.

Rules of Order – The written rules of parliamentary procedure detailing the processes used by the board to make decisions. Often referenced in the bylaws as Roberts Rules of Order. Directors should familiarize themselves with the procedures and protocols regarding meeting conduct.

Risk Management – The board is ultimately responsible for safeguarding the organization.

Reserves – An organization should establish a reserve fund, in case of crisis or urgency. A common minimum standard is to have an amount equal to half of the gross income in reserve.

Revenue Sources – The board should understand the various revenue sources and help to generate income. Organizations are increasing reliance on non-dues revenue. Fund raising is often a key role of the board.

Record Retention – The policy guide for retaining and destroying organization records.

Strategic Plan – One of the most important tools a successful organization can have is a clear plan for short-term and long term goals. Strategic planning should include the leadership as well as key-volunteers and chairs. Planning should not be performed in a vacuum and most importantly should not be shelved when the plan is developed. Review and refinement should be an ongoing process.

Speaking for the Organization – There are lines of authority and carefully crafted messages or positions in the organization. Before assuming it is appropriate to speak, testify or be interviewed, check with the board chairman or executive director.

Staff Liaisons – Committees may be assigned a staff member to serve as a liaison and resource.

Standing Committee – A permanent committee of the organization, often identified in the bylaws and serving the entire length of the board's term (as opposed to an ad hoc committee or task force.)

Subsidiary – Nonprofit organizations are more complex as they form subsidiaries to achieve their goals. Common subsidiaries include a political action committee, for-profit subsidiary or a foundation. Directors must understand the relationship of the parent board of directors to subsidiaries.

Term Limits – Limiting the number of years or terms a director can serve has a favorable impact. It invites others to move up the leadership ladder and avoids a person dominating the organization by serving beyond their value.

Time – Volunteers' contribution of time is a valuable gift. Show respect for each person's time by only holding meetings that have significant business, starting and ending meetings on time, and thanking volunteers.

Task Force – A temporary committee to accomplish a narrowly defined task for activities. Also known as an ad hoc committee. Both are different from a standing committee.

Unrelated Business Income Tax – Also known as UBIT, a mechanism for the IRS to determine if the income in a nonprofit organization is outside of its mission statement. Common triggers for UBIT – if a profit is shown – are advertising, rent and/or royalties.

Understand your Role – Volunteer leaders should understand their board roles and how they are *distinct* from staff responsibilities.

Vision – The vision statement is an inspirational expression of what success will look like in the long term. For example, the organization will be the primary resource representing 100 percent of the potential members by 2020. Or, “ending a disease so there is no longer a need for the organization.”

Values Statement – The core principles that guide board and staff. For instance, transparency, or diversity, may be key values worth stating as principles guiding actions of the organization.

Whistleblower – A whistleblower is a person who reveals wrongdoing

in an organization to persons of authority. Boards should have a process for handling disclosures of wrongdoing.

Website – Board members should be fully acquainted with all aspects and information on the website. Make time to study it; bookmark it as a “favorite.”

Xrs – Whether you call them the X generation, millennials or baby busters, every generation has characteristics of their own. A board is composed of directors representing various generations and age categories. Be cognizant that their time commitments, interests and communications styles will vary.

Young Leaders – A board’s succession relies attracting young and diverse leaders. The board and a nominating committee must purposely identify future leaders.

Zeal – Bring a passion to the board table. Directors should have a clear vision of success to characterize their term of office.

#

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The Ideal Member – More than a Dues Check

Every association has a star-member; someone who stands out because of their contributions to the association. Someone who understands and advances the mission, serves on committees, visits the capitol and recruits members.

How do you communicate these desired traits among members? Start by identifying what your organization believes is the ideal member. Then communicate the description (or pledge) in new member packets and the newsletter.

CAE's Bob Harris and Bob Hall offer this template for communicating the ideal member.

Preamble

I take pride in my membership in this organization. Its achievements and goals can impact my career, life and personal gain. It has been successful because of thousands of members and volunteer leaders before me.

I understand that through the association we create a dynamic force that one individual cannot achieve alone.

Thus, as a member I understand the need to invest myself and work together for our mutual interests --- and that the vast majority of accomplishments are the result of teamwork, not individual action.

Traits

I pledge that I will be an ideal member by:

- Investing time to help fulfill the mission
- Taking advantage of the opportunities and programs to better my organization and myself.
- Staying informed about available resources and by reading the association's materials.
- Volunteering my unique knowledge, resources and experience to the organization; and knowing when I'm too busy to be a volunteer.
- Promoting the association to others in my industry/profession, so as to expand the power of unity.
- Keeping contact information current to enable the association to fully utilize my membership for the common good.

***** The Ideal Member I pledge that I will be an ideal member by: • Investing time to help fulfill the mission • Taking advantage of the opportunities and programs to better my organization and myself. • Staying informed about available resources and reading the association's materials. • Volunteering my unique knowledge, resources and experience to the organization; and knowing when I'm too busy to be a good volunteer. • Promoting the association to others in my industry/profession, so as to expand the power of unity. • Keeping contact information current to enable the association to fully utilize my membership for the common good. • Promoting the highest principles in the profession/industry. • Treating staff with professional respect, recognizing that paying dues does not make them my employee. • Respecting the volunteer leaders for their contributions --- even if I might not agree. • Maintaining professional, transparent, collegial relationships with fellow members. • Offering timely input on issues and public policy development, including responding to calls for action and surveys. • Supporting the grassroots advocacy efforts with my time and dollars. • Understanding and participating in elections and governance opportunities. • Ensuring that dues renewal is a part of the culture and budget of my organization. • Recognizing that the members are the association—it is not something separate from us, or a business from which we buy services—and that without our investment and participation the advancements cannot be achieved. Signature _____ Date _____ *****	
Create an Ideal Member Pledge	

- Promoting the highest principles in the profession/industry.
- Treating staff with professional respect; recognizing that paying dues does not make them my employee.
- Respecting the volunteer leaders for their contributions --- even if I might not agree.
- Maintaining professional, transparent, collegial relationships with fellow members.
- Offering timely input on issues and public policy development, including responding to calls for action and surveys.
- Supporting the grassroots advocacy efforts with my time and dollars.
- Understanding and participating in elections and governance opportunities.
- Ensuring that dues renewal is a part of the culture and budget of my organization.
- Recognizing that the members are the association—it is not something separate from us, or a business from which we buy services—and that without our investment and participation the advancements cannot be achieved.

Signature X_____ Date_____

Summary

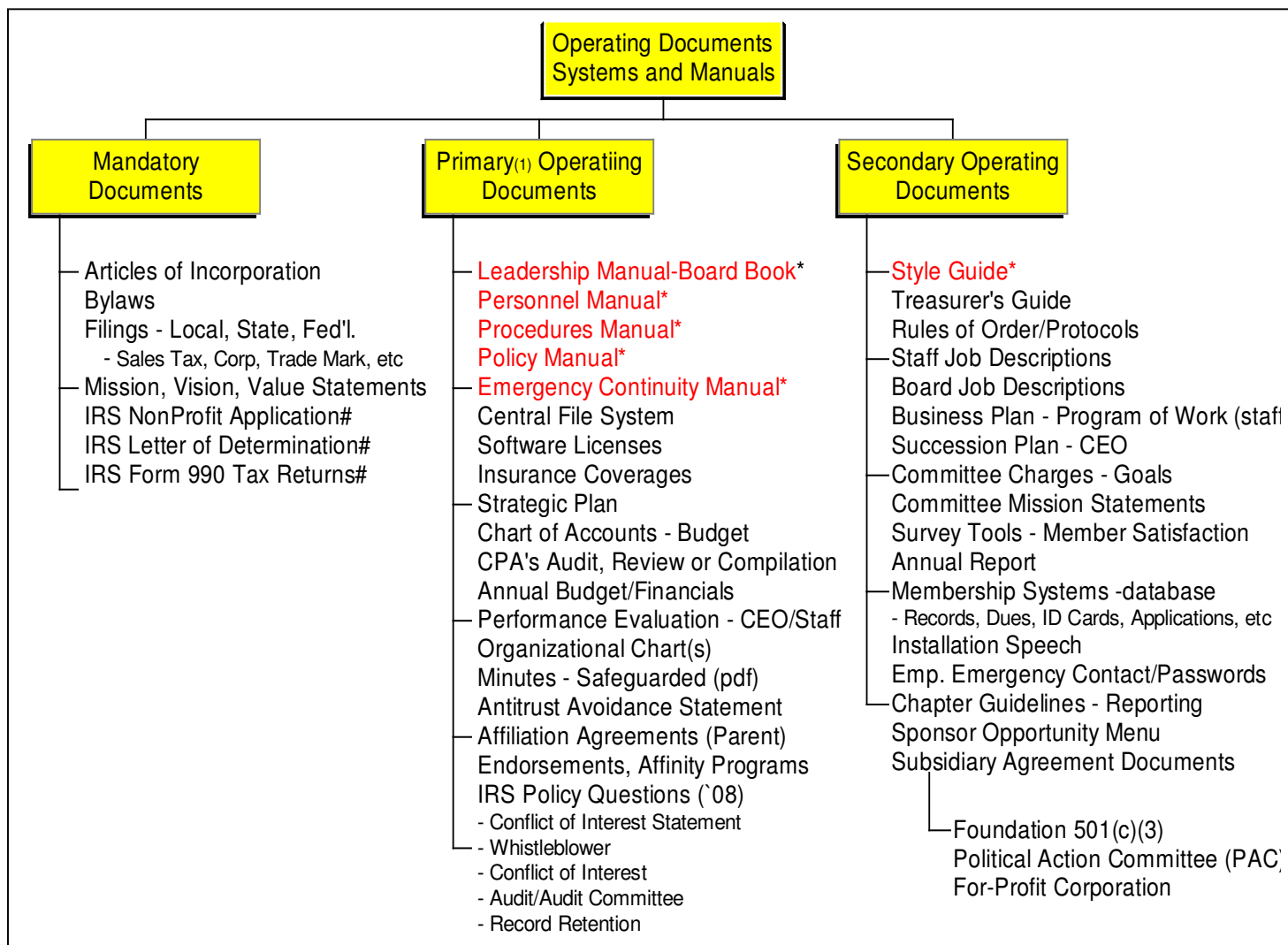
Many members think that paying dues is the depth of being an ideal member. Sharing this list will give them ideas to enhance their value to the association.

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Note: The authors can be contacted at Bob Harris, CAE at bob@rchcae.com and Robert A. Hall, CAE, at bob@eahks.org.

Operating Framework – Business Model

A framework promotes efficiency, systems, policies, risk management and development of training manuals. Systems remove uncertainty and discretion – promoting excellence in member service while minimizing risk. ***Let systems drive the organization to free-up staff time to focus on mission, goals, members and stakeholders.***



Footnote 1 – Indication of primary and secondary refers to the order in which the documents are likely to be created; it does not mean that secondary documents are less important than primary or mandatory documents. *** Indicates recommended operating manuals.** # Indicates public record documents; **IRS help-line 877 829 5500.**

Six Operating Manuals in Associations

Operating manuals ensure that an organization delivers consistent customer-member service based upon best-practices. Manuals are used by leadership and staff for training and reference.

An organization without manuals is at a disadvantage. Time is wasted on figuring out how the event was last accomplished and files are scattered in an office with time required to find them.

How were events held in the past? What policies have been adopted? What do I tell the board about their responsibilities? Similar to the highly efficient franchise business, the manuals and templates save time and increase confidence in the organization.

There are six manuals common to associations and chambers of commerce.

The Franchise Model

Across the country the most successful businesses are often franchises (as opposed to independent businesses.)

Two elements of a franchise that drive success are 1) a strong brand or logo, and 2) a set of operating manuals, templates and checklists for employees.

In the book, *E-Myth Revisited*, author Michael Gerber suggests that all businesses consider an informal franchise model⁹.

Specifically, the tasks and activities that are recurring or cyclical are identified. Staff members document how each activity is carried out. (For example, how is a new member processed, step by step? Or what are the steps for successfully selling sponsorships or advertising.)

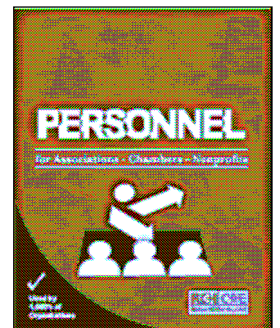
The Six Manuals

Personnel Manual

Also known as the HR manual, it details, formalizes and communicates employee expectations and regulations. For example, it details items such as sick leave, vacation time, issuance of office keys, overtime, dress code, sexual harassment, credit cards, and filing complaints.

Personnel manuals are based on state and federal laws and should be prepared by a labor-law specialist and/or attorney¹⁰.

Do not consider borrowing a personnel manual from a colleague in another state, as the HR laws are different. Do not combine the personnel manual with any other manual.



⁹ Not the legal definition, rather the model of a well managed franchise.

¹⁰ A quick way to determine if the personnel manual is up-to-date is to check for a Whistle Blower clause; a policy question on the new IRS Form 990.

Procedures Manual

The procedures manual describes what the organization believes is the best way of conducting every process.

It documents every activity through bulleted or enumerated lists. A new executive director, and staff members, quickly understands the purpose and value of the written steps.

It is entirely staff driven and not a responsibility of the board. The manual insures consistent operations, quality controls, and standardized procedures, while reducing risk. It might also be called an operations manual, standard operating procedures (SOP) or best-practices manual.

One way to create a procedures manual is by drafting a table of contents of all major responsibilities (guided by job descriptions and the annual calendar).

Document processes or steps as they occur in the office in a consistent format (template) for adding to the manual. (For example, the meeting planner sold, billed and processed sponsorships today – what were the steps?) Within months the operating manual will be assembled and serve as the most valued document for organization¹¹ sustainability.

Policy Manual

Policies represent the wisdom of the board for current and future governance needs.

The manual archives the board-approved policies. *Without* the manual, the policies tend to exist only as motions in prior minutes --- or get buried in the bylaws, (which should remain broad in scope; not littered with policies.)

Policies may arise spontaneously in a board discussion, “We need to adopt a policy on that....” or be directed to a committee or staff to research and recommend a policy. *All* policies are recorded as motions in the board minutes.

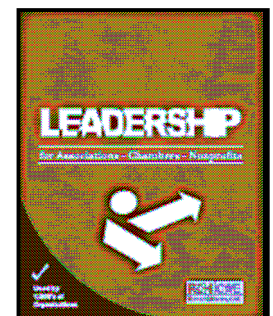
If no policy manual exists, take the last five years of minutes, highlight the motions that read as policies, create a table of contents, add the policies, and then present the manual to the board for adoption.

If the bylaws are cluttered with policies, review them with the intent of moving policies into the policy manual. When entering new policies, annotate the date of adoption so that the board meeting minutes can be referenced. Be sure to include the policies referenced in the IRS Form 990¹².

It is best not to combine a “Policies and Procedures” manual. The procedures manual is staff driven and focuses on operations. The policy manual is board driven and focuses on governance.

Leadership Manual

Also known as the board book, it is a guide for volunteers. It is distributed at board orientation or upon installation. Sections may include history, bylaws,



¹¹ For the 1-page framework of the mandatory, primary and secondary documents and systems in an association or chamber, email bob@rchcae.com with the subject line, “Operating Framework.”

¹² Visit www.irs.gov for the current Form 990.

strategic plan, committees, org-structure, budget, responsibilities, staffing and calendars, for example.

Some organizations maintain a leadership manual as a virtual document on their website, protected by password. Others distribute it as a CD or memory stick. Staff members should be familiar with the contents of the leadership manual.

Style Manual

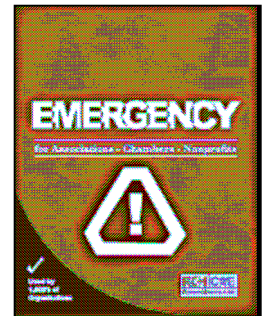
The style manual or communications guide is used to describe the appropriate (and inappropriate) uses of the organization's logos, key words, PMS color, preferred typeface, etc. Its purpose is to maintain a consistent image and brand.

It may include sections on appropriate communications, lines of authority, and who speaks for the organization. It should serve as a guide for staff, chapters, webmaster and printers.

Emergency Manual

The emergency notebook protects the documents of the organization, recommends a communications plan and promotes business continuity if the office is damaged or destroyed.

It contains the critical documents that would take months to replace and has a communications plan for staff and leadership. It may take the form of a virtual document so long as it is stored on a server *outside* of the office. If it is created as a notebook or CD, be sure it stored off-site and all parties know where it can be found in case of a disaster (i.e. at the office of the attorney, CPA or a bank safety deposit box.)



Summary

The manuals promote understanding and efficient operations. In smaller associations, six manuals may be too large a task and unnecessary – possibly combining manuals (i.e. the leadership manual could be combined with the policy manual.) Prioritize the most pressing needs for improvement and sustainability; then begin to update or create the six manuals.

Activities and Events Assessment (Monitoring Activities)

Purpose: The association should focus its limited resources (staff, funds, committees, time) on programs, services, events and activities that have the greatest value (ROI) for members. Assoc. has a high number of events and activities --- disproportionate to the number of staff. (The workload will further increase noting that in leadership at the strategic planning meeting identified the need to add marketing and government affairs duties to staff.)

Process: Committee to evaluate each activity and discuss its value to the association. The left columns identify activities. Keep in mind these activities are on top of staff managing the not-for-profit corporation, serving the members and managing the headquarters.

The right four columns identify the performance measures set at the planning meeting. This process will take more than one setting of the Task Force. The result should be a focus on the most important activities and events, eliminating or merging activities where possible, outsourcing activities to consultants, or revamping activities. (In many associations it common to ask, "If we ADD this project – what project, activity or goal do you want to DROP because we have limited staff and resources?)

	Activity Name	Activity items	Performance Measures			
			Attendance (% of members, prospective members, member satisfaction, increase from prior meeting, trending, etc.)	Expense (return on investment, allocation of actual staff costs, costs compared to budget, marketing time, committee time, etc.)	Profitability (income generated <u>directly</u> and <u>indirectly</u> as a result of the event, ROI, etc.)	Supplemental Value (non-economic impact, community benefit, member service, etc.)
1.	Community Service	Wheel chair ramps				
		Large Community Project				
		Annual Charity of Choice Donation				

Activity Name		Activity items	Performance Measures			
			Attendance (% of members, prospective members, member satisfaction, increase from prior meeting, trending, etc.)	Expense (return on investment, allocation of actual staff costs, costs compared to budget, marketing time, committee time, etc.)	Profitability (income generated <u>directly</u> and <u>indirectly</u> as a result of the event, ROI, etc.)	Supplemental Value (non-economic impact, community benefit, member service, etc.)
2.	Home Show					
3.	Parade of Homes	scattered site				
		Parade of Homes Guidebook				
		kickoff breakfast				
		Gala Event				
4.	Programs	General Membership Meetings				
		Installation Banquet				
		Board Holiday Party				
		Associate Member Event				
		Member Picnic				
5.	Golf Outings	Member Golf				
		Golf Classic				

Rich History of Associations

By Bob Harris, CAE

The Declaration of Independence was signed on July 4th 1776, declaring independence from Britain. The freedoms expressed in the document have had a great influence on the growth of nonprofit organizations.

The framers drafted the document inside Carpenters Hall. Carpenters Hall was built by a Philadelphia trade guild. Trade guilds, groups of self-employed skilled craftsmen, are precursors to modern associations.

There is a rich history in North America for exempt organizations (associations, chambers and other nonprofits.)

- 1604** **Order of Good Cheer** founded in Nova Scotia, Canada; exists to this day.
- 1735** Oldest association of continuous existence founded by Benjamin Franklin – the **American Philosophical Association**.
- 1768** The **New York State Chamber** founded by 20 merchants.
- 1773** The **New Haven (CT) Chamber** founded.
- 1774** **Carpenters Hall** – a guild of tradesmen – was used by the country’s founding fathers to draft the Declaration of Independence.
- 1776** Continental Congress adopts the Declaration of Independence.
- 1800** The **Philadelphia Chamber** founded.
- 1830 –** Frenchman **Alexis deTocqueville** visits US to determine what makes America so great.
1835 Authors “**Democracy in America**” with many significant quotes about communities and associations constantly forming to serve the needs of people:

“Americans of all ages, all conditions, all minds constantly unite. Not only do they have commercial and industrial associations in which all take part, but they also have a thousand other kinds: religious, moral, futile, very general and very particular, immense and very small.”

“Americans use associations to found seminaries, to build inns, to raise churches, to distribute books, to send missionaries ... in this manner they create hospitals, prisons, schools.”

About America’s Women

“If I were asked what singular factor do I attribute the prosperity and growing strength of the American people, I should reply it is the superiority of their women.”

- 1800-1850** **Chambers** form in Mobile, AL; Cincinnati, OH; Galveston, TX; Columbus, GA; Nashville, TN; and San Francisco, CA.
- Civil War** Most associations were local until the **Civil War years** of 1860-1866. Railroads and industry created new markets and the formation of many new trade associations.
- 1886** First association management company founded in Philadelphia – Fernley and Fernley.
- 1900** About 100 associations existed at the national level to influence federal and state legislation, to create standards and to educate members.
- 1908¹³** Pres. **Theodore Roosevelt** recognizes the value of associations:
 “Every man owes part of his time and money to the business or industry to which he is engaged. No man has a moral right to withhold his support from an organization that is striving to improve conditions within his sphere.”
- 1911** Pres. **Howard Taft** suggests the need for a central organization to represent the interests of business.
- 1912** **US Chamber** founded in response to the suggestion of Pres. Taft.
- 1913** The **IRS provides exemptions for business leagues**, as many associations were known at that time. The 1913 Act also provided exemptions for charitable, scientific, and educational organizations.
 Congress first gave associations favored tax treatment largely in recognition of the benefit the public derives from their activities. In simple terms, associations earn their exempt status by meeting many of the needs of their members and the general public that the government would otherwise have to meet.
- 1914** **National Association of Commercial Organization Secretaries** founded, now known as the **American Chamber of Commerce Executives (ACCE)**.
- 1920** The **American Trade Executives Association** was founded, now known as the **American Society of Association Executives (ASAE)**.
Institute for Organization Management founded by NACOS as the **National School for Business Secretaries** – starting as a two-week long program and existing today as a one-week learning experience over four years.
- 1925** Price fixing, territorial agreements and controls of supplies became the norm thus Supreme Court upheld **antitrust laws** that competitors may not form agreements on prices, etc.
US Chamber building completed at 1615 H Street across from the White House on property formerly owned by statesman Daniel Webster.
- 1950** **IRS** reports there are 50,000 nonprofit organizations in U.S.

¹³ In 1899, the Commissioner of the US Patent Office proclaims, “Everything that can be invented has been invented,” recommending no further need for the patent office in America.

Congress mandates **UBIT** in 1950 to minimize unfair competition between taxable and tax exempt businesses.

- 1951** The Institute of Canadian Trade Association Executives was founded and became the Canadian Society of Association Executives in 1987.
- 1960** CAE program founded to stand as a mark of excellence among association managers.
- 1960s** In mid-60s **IRS** notes dramatic jump in number of nonprofits to 250,000.
- 1980s** **IRS** reports more than 1 million nonprofit organizations.
- 1997** **IRS public records laws** adopted for exempt organizations.
- 2002** Adoption of Public Company Accounting Reform and Investor Protection Act of 2002, aka **Sarbanes Oxley**, with eventual influence on associations and chambers and the IRS incorporate aspects into Form 990 effective 2008.
- 2009** Three new associations form every business day in US.
7,200 chambers of commerce
150,000 501c6 organizations
1.8 million exempt organizations

#

Note: Bob Harris provides governance, management and strategic planning services. His website offers free tips and templates at www.nonprofitcenter.com. He can be contacted at bob@rchcae.com.

About Bob Harris

There are more than one million nonprofit organizations in the USA. Bob has studied thousands of associations, chambers and charities to develop best practices.

His career started in Washington, DC with Presidential Classroom. Later he built an association management company in Tallahassee.

He is on the faculty for the US Chamber of Commerce. He works with associations and chambers in Amman, Jordan, to develop King Abdullah's *Mark of Best Practice* recognition.

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

Recognitions include lifetime achievements and recognition for professional development.

He has worked for Hyatt Hotels of Florida for 25 years.

He's been called the Martha Stewart of association management for his willingness to share tips and templates. His website has hundreds of pages of FREE management tips and templates that he will reference today. (www.nonprofitcenter.com)

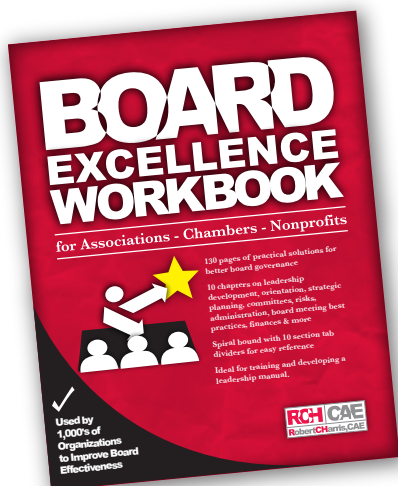
Bob's career passions are demonstrated in two principles:

- Promoting the impact of nonprofit organizations in America.
- Sharing the tools for success.

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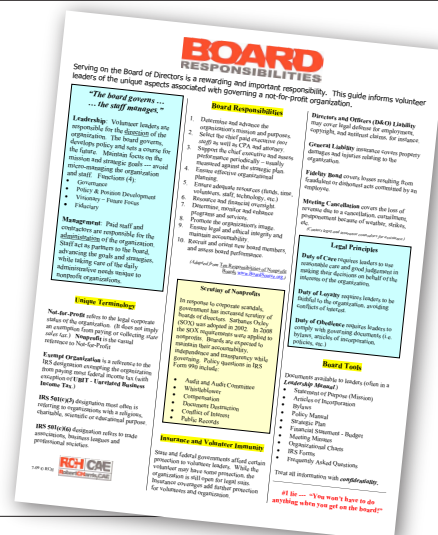
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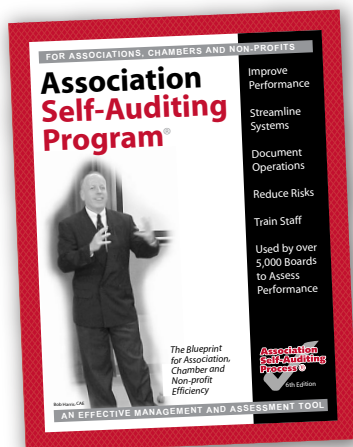
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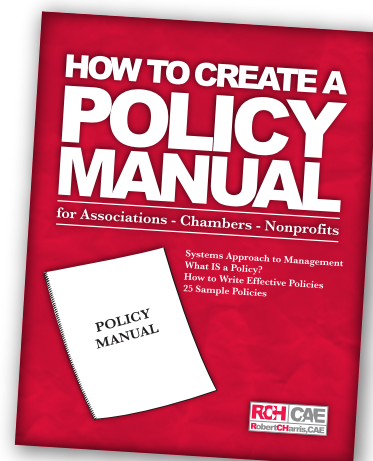


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