

BOARD ROLES & GOALS

for Associations - Chambers - Nonprofits

The Responsibilities
of Volunteer Leaders

Setting Strategic
Direction and Goals



Guide for effective
Association, Chamber
and Non-Profit governance



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History of Associations and Chambers

The Responsibility of LEADERSHIP in America

There are public policies supporting the success of associations and chambers that are unique to the USA:

1791 - Congress and the states adopt a Constitutional amendment providing for the freedoms of assembly, speech and the right to petition government. Today nearly every trade association and chamber reflects these freedoms in their mission statement: “...*To advance and protect our community through advocacy...*”

1894 – The income of charities could not be used to benefit any individual related to the organization. The principle is a US standard where volunteers serve without compensation.

1908 – President Roosevelt seemingly references membership organizations in his statement:

“Every man owes a part of his time and money to the business or industry in 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.”



1913 – The system of federal income tax is established, creating an exemption for certain organizations.

1917 – Revenue Act allows individuals to contribute to exempt organizations and to benefit with an individual income tax deduction.

1950 – UBIT – Unrelated Business Income Tax

1997 – States and federal government extends volunteer immunity to volunteers and public records.

Not for Profit Corporate Status – Since the 1800s corporations have been formed to ensure perpetuity and to protect the directors, affording ease in establishing not-for-profit status at the state level.

2009 – Focus by the IRS on organization policies and good governance.

Roles and Responsibilities

Board members accept the 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. Do NOT confuse governance with management – it takes a partnership of volunteer leaders and professional staff.



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

The ROI on Board Service

“Leaders are made, they are not born,” said football coach Vince Lombardi. So where does one find a good source for leadership development? Association boardrooms are ideal schools for leadership.

Most volunteers join a board out of a sense of responsibility and passion. Few people consider that board service results in enhanced skills to support personal and career growth.

If the nominating committee comes up short on candidates, be certain they are conveying the indirect value of board service.

- **Account Retention** – Focusing on recruitment and satisfaction of members.
- **Budgeting** – Understanding budgeting and reporting; monitoring costs.
- **Collaboration and Negotiation** – Identifying partnerships outside of the association to build strength through collaboration.
- **Community Service** - Learning to position the association as a good corporate citizen.
- **Customer Focus** – Serving members and attracting prospective members through customer service excellence.
- **Evaluation** – Using tools to assess financial performance, committees and the performance of the board of directors.
- **Forecasting** – Monitoring internal and external forces which have an impact on programming.
- **Governing Documents** – Recognizing how articles of incorporation, bylaws and policies guide an organization.
- **Leadership** - Recognizing the desirable behaviors genuine leaders and developing one’s own style of leadership.
- **Lobbying** - Understanding civics, how laws are made, coalition building and seeking opportunities to influence regulations.
- **Marketing** – Using traditional and digital marketing initiatives, including improved use of social media.

Skills Learned and Enhanced	Worth
Account Retention	+
Budgeting	+
Collaboration and Negotiation	+
Community Service	+
Customer Focus	+
Evaluation	+
Forecasting	+
Governing Documents	+
Leadership	+
Lobbying	+
Marketing	+
Meeting Planning	+
Meeting Rules	+
Networking	+
Printing	+
Public Speaking	+
Revenue Generation	+
Roles Respect	+
Selflessness	+
Strategic Planning	+
Time Management	+
Training and Programming	+
Values and Principles	+
Website Enhancement	+
Writing	+
New Opportunities by Serving	+
First Hand Information Access	+
Investment of Time and Resources for Board Service	-
THE LEADERSHIP EXPERIENCE	Life-Long Value

- **Meeting Planning** – Learning about negotiating with facilities and speakers, setting guarantees and estimating attendance while working to protect revenues.
- **Meeting Rules** – Understanding rules of order, agendas and consensus building.
- **Networking** – Improving networking skills in a variety of settings.
- **Printing** – Realizing the processes and deadlines necessary to keep projects within budget and on schedule.
- **Public Speaking** – Enhancing speaking confidence through opportunities to represent the association.
- **Revenue Generation** – Identifying new sources of revenue to sustain and organization.
- **Roles Respect** – Respecting the distinctions of board governance and staff management; working as partners.
- **Selflessness** – Deflecting credit to ensure that the entire leadership receives due recognition.
- **Strategic Planning** – Planning strategically for the long-term, and making best use of resources.
- **Time Management** – Learning to better manage time and set priorities between volunteer responsibilities, business and family.
- **Training and Programming** – Identifying educational needs and finding ways to offer cost effective programming.
- **Values and Principles** – Respecting the culture and principles within the organization.
- **Website Enhancement** – Maintaining a vibrant website for members and consumers; monitoring analytics and increasing search engine optimization.
- **Writing** – Improving written communication so messages are consistent, brief and effective.

Communicate the value of volunteer service not only as it relates to the organization, but to the individual's opportunities to learn new skill.

A past president said, leaders have greater return on investment than it costs. “All the functions that the board completes within the year are similar to the business functions needed in your own work environment.”

#

Fundamentals of Good Governance

Bob Harris, CAE

“Welcome to the leadership team.” The purpose of the board is to govern.

Board discussions should be characterized as visionary and directors as thought-leaders. It is never about personal gain but rather advancing the statement of purpose to benefit the community. Discussions drifting into management, administration and committee work are discouraged. The board is expected to set a clear direction so that the staff and committees can work towards that objective.

Elements of Good Governance

- A. **Mission Focused** – The mission will frame nearly every decision of the board. Be sure it is clear and understood by all audiences. Keep it in front of the board; memorize it. Frequently ask, “How does this advance our mission and vision?” Avoid the distractions of politics and crises by focusing on the mission.
- B. **Culture of Trust** – Little will be achieved without trust amongst the leadership and staff. Trust on a board is built upon principles such as *accountability*, *transparency* and *integrity*. As board members transition it is critical to respect and integrate all of the parties (board, committees, CEO, staff) as quickly as possible.
- C. **Board – CEO Partnership** – It takes a partnership. The board focuses on *governance* while staff does the *management*. Directors should respect boundaries by not delving into administrative and personnel matters.
- D. **Strategic Plan** – The road map is the strategic plan. It communicates goals and priorities for multiple years, guiding volunteer leaders and staff. It should answer, “How does our organization deliver value and make best use of our resources?”
- E. **Access to Information** – It would be difficult to govern without access to information. It begins with on-boarding of new directors and continues with reliable lines of communication. No director should feel left out of the loop.



The Governing Documents

Board members must read all governing documents. The corporate concept of **duty of obedience** requires adherence to these documents. The government afforded **Volunteer Immunity** is build off of working within the governing 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.

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.

Bylaws

A bylaw is a rule governing the internal management of the organization. Bylaws cannot supersede 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 fulfill their responsibilities.

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.

Create a Leadership Manual or Board Portal

A leadership manual is a resource for volunteer leaders. It should be presented to board members at the first opportunity during the nominating, election or installation process to help them understand the organization and their roles.

It has the most impact when discussed at a leadership orientation session. Some organizations ask individual leaders to maintain their manual by adding notes and minutes; and then passing it along to successive directors to help them understand the preceding year of work.

Rather than a 3-ring binder as the leadership manual, it can be in the format of a CD-ROM, thumb-drive, or access to a password protected board share-site.



Here's a checklist to create your manual:

General Information

- History, Fact Sheet or Profile
- Mission, Vision and Value Statements
- Articles of Incorporation
- Bylaws
- Policies (internal)
- Positions (external)
- Strategic Plan (long-range)
- Program of Work (current year)
- Organizational Chart
- Roster of Staff
- Annual Calendar of Activities, Meetings, Deadlines

Board Information

- Roster of Board Names, Phones, Addresses, Preferred Contact, etc.
- Description of Board Duties
- Code of Conduct or Rules of Engagement on the Board

- Committee Descriptions
- Conflict of Interest Statement
- Antitrust Avoidance Statement
- Descriptions of Insurance
- Board Minutes (recent meetings)

Finances and Resources

- Annual Budget
- Current Financial Report
- Recent Independent Audit
- IRS Form 990 and/or Letter of Determination

Other Information

- Membership Brochure
- Annual Report
- Promotional Materials (brochures, newsletters, etc.)
- Board Member Information Forms

Note: This is the basis for creating a manual. Your manual will be unique as you build it to reflect the culture and structure of your organization.

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Purpose of a Board of Directors

The organization relies on the board of directors to GOVERN and the professional staff to MANAGE. The authority for the board is derived from the Articles of Incorporation (state law) and the Bylaws. A board generally fulfills four functions.

1. **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.)
2. **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.
3. **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.
4. **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.

BOARDS GOVERN STAFF MANAGE

Govern More -
Manage Less!

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

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

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

Fiduciary Duties

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.

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 term **FIDUCIARY** refers to a relationship in which one person has a responsibility of care for the assets or rights of another person. A fiduciary is an individual who has this responsibility. The term “fiduciary” is derived from the Latin for “**faith**” or “**trust**.”

- **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.
- **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 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.

Legal Principles

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

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

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

BoardDiligence(3)

The Board Has Values

Organizations develop guiding principles or values as they mature and grow. Founding leaders may have imparted their own values. Through time, culture and environmental changes, the principles will evolve.

Values apply to organizational guideposts and may serve as a framework for *decision making*.

Some organizations promote their values as part of the brand platform – including the mission and vision statements.



Desired Traits

Rank organizational values as they apply to actions of the board. What is most important? What values should or do guide the organization?

Respected Value	Description	Ranking of Importance to Board and Members
Innovative	Makes use of expertise and resources to provide programs, services and solutions; best use of technology.	
Diversity	Inclusive and respectful of people, ideas, business models, ethnicity, etc.	
Integrity	Everything is done with the highest standards of excellence.	
Transparency	Board promotes openness and encourages awareness of activities.	
Member Driven	Responsive to member needs.	
Accountability	Commitments are upheld; accountable for the trust of the members.	
Unity	Decisions are support by all. Dissent is expressed only inside the board meeting.	
Sustainability	Concern for long-term operations; environment considerations.	
Other		
Other		

Responsibilities of Directors

1. Determine the Mission and Purposes

The mission statement articulates the organization's purpose. It is the board's responsibility to create and advance the mission. It may be supplemented with vision and values statements.

2. Select and Partner with the Chief Executive

Boards rely on a chief executive to implement the decisions of the board and to manage operations (not governance.) The board also selects the board attorney and CPA.

3. Assess and Evaluation Organization Performance

The board should evaluate aspects of the organization, including CEO performance, board performance, budget, committees and the metrics set by the board.

4. Strategic 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. Adequate Resources

One board responsibility is to assure existence of 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.

6. Resource Management and Protection

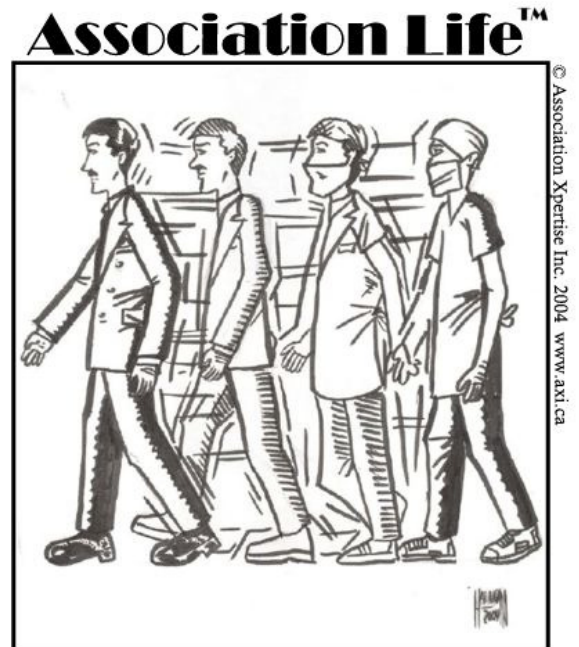
The board, in order to remain accountable to its members and donors, and to safeguard funds, must develop and follow an annual budget, accept periodic financial reports and ensure financial safeguards are in place.

7. Determine, Monitor and Strengthen Programs and Services

Ensure that programs, benefits and services are consistent with the mission, and monitor their effectiveness through performance measures. Periodically it should conduct an evaluation of all programs to re-align resources.

8. Enhance the Public Image

There are lines of authority for speaking on behalf of the organization. Directors should be able to articulate the mission and goals. The chief elected officer is the spokesperson



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

and that authority may be delegated. Nobody should usurp the role of the chief elected officer to speak for the organization. Be sure messaging is consistent and impactful.

9. Legal and Ethical Integrity and Maintain Accountability

Board is ultimately responsible for ensuring adherence to legal standards and ethical norms. The board establishes policies, and adheres to provisions of the organization's bylaws and articles of incorporation.

10. Recruit and Orient New Board Members

The organization must identify and groom future leaders. The nominations and orientation processes are critical.

#

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

BOARD RESPONSIBILITIES

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

BOARDS GOVERN STAFF MANAGE

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

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

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

Unique Terminology

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

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

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

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

Good Governance

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

Policy questions in IRS Form 990 include:

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

Insurance and Volunteer Immunity

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

Board Responsibilities

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

Directors and Officers (D&O) Liability may cover legal defense for employment, copyright, and contract claims, for instance.

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

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

Meeting Cancellation covers the loss of revenue due to a cancellation, curtailment, postponement because of weather, strikes, etc. (*Covers legal and insurance coverage for associations*)

Legal Principles

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

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

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

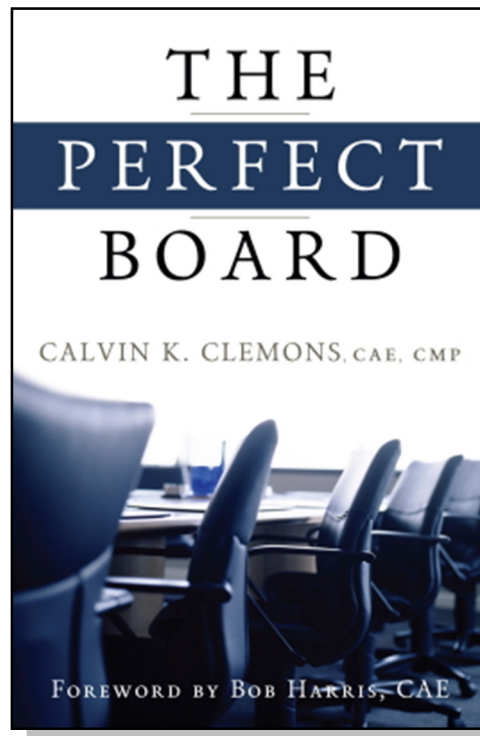
Board Tools

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

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

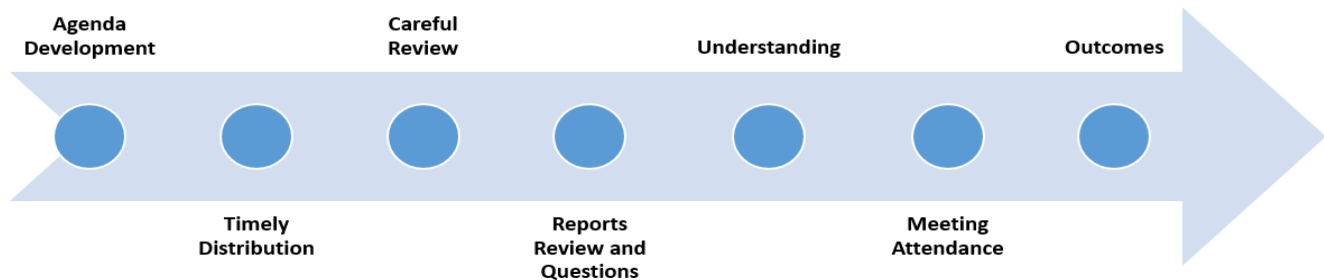
Treat board discussions and documents with Confidentiality.

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



Got the Agenda – Now What?

Bob Harris, CAE



The purpose of an agenda is to ensure a meeting will be conducted in an orderly manner and discussions will lead to results. With an agenda, conversations stay on track and the meeting should end on time.

The agenda is prepared in advance through collaboration of the chief elected officer and the chief staff person (executive director). With sufficient timing, it is distributed well before the meeting with supporting information. For quarterly meetings, directors might receive it 30 days ahead; for monthly meetings one might expect it 7 to 10 days in advance.

Upon Receipt

What directors do upon receipt of the agenda to prepare for the meeting will impact discussions and outcomes.

The agenda is a vital board tool. From its development to execution at the meeting, it has value. Directors who are unfamiliar with how to use the agenda may simply save it, add it to a folder or read it the first time when they arrive at the meeting.

The executive director or board chief elected officer should communicate meeting expectations from the start. To guide directors, consider these applications upon receipt of the agenda. Make “agenda management” a part of new director orientation.

Date and Meeting Location

– Most agendas include the meeting date, time frame and location. Check to be certain nothing has changed since the meeting was originally calendared. Make travel arrangements or determine if attendance is allowed via conference call. Your attendance does make a difference.

Content – An agenda will identify the substantive topics that need the attention of the board. In most cases it will identify priorities as well as goals and strategies from the organization’s strategic plan. Review the agenda to determine approaching concerns and discussions.

Questions – Upon early receipt of the agenda there is time to ask questions BEFORE the meeting. A director may want to query why something is on the agenda or ask for supporting reports. Why enter a meeting with questions that could have been answered earlier?

Homework – The agenda may jog one’s memory about an assignment or commitment. Use the advance notice to identify assignments that may need to be completed before the meeting convenes.

Additions – Most organizations have a protocol for adding items to an agenda. Be sure to have knowledge of when and the proper channels if items can be added. Nobody appreciates a director arriving at the meeting and adding surprise topics.

Reports – Most agendas reference reports that should be read before the meeting. Many agendas include access to a board portal, Dropbox, or attachments. Make time to read the documents before the meeting. Nothing is more disheartening than a director who arrives and opens the agenda packet for the first time as the meeting convenes. Many organizations use a “consent agenda” to cover the non-controversial, information-only reports; these require advance reading.

Due Diligence – A fiduciary role of directors is duty of care or due diligence. Board members should ask questions. Why are certain agenda items included? What research has been conducted? What impact will the item have on the organization? Should an attorney or accountant be involved? Are sufficient resources available? How will performance be measured?

Copies – Many organizations send the agenda and supporting materials electronically, expecting directors to print the agenda and bring the attachments. Don't make an assumption that copies will be available.

Strategic Plan – Consider how the agenda incorporates the organization's strategic plan, including mission and goals. How do the topics advance the mission and elements of the plan?

Values – Many organizations have values. These may include the guiding principles of transparency, diversity, innovation and integrity, for example. Consider how these values might frame discussions and decisions at the upcoming meeting.

Protocols – Agendas may also be used as a means to disclose conflicts of interest and notice to avoid antitrust statements. The organization's mission statement is often included on the agenda.

In summary, the agenda is a tool to use before and at the meeting. **To be an effective leader, preparations for the meeting should begin as soon as the agenda is received.** The board will recognize those directors who did not take seriously their fiduciary responsibilities.

Bob Harris, CAE, provides free governance tips and templates for associations and chambers at www.nonprofitcenter.com bob@rchcae.com [2016]



Myths at the Board Table

Concern	Considerations - Applications	Myth or Fact
But We are Non-Profit	<i>IRS Exempt status and Not for Profits</i> are simply designations --- NOT a model for conducting business. Treat the organization as a <i>corporate enterprise</i> and use the business skills of board members.	F
We Must Comply with Open Record Laws	The association is a private corporation – records are generally not public. Freedom of Information Act (FOIA) requests do not apply, nor do open meeting laws and government in the sunshine.	M
We Can't Take Political Positions	A trade association, 501c6, can do as much lobbying as they desire to protect their membership community. There are limitations to the lobbying by a 501c3 organization or foundation.	M
I'm on the Board so I Can Speak for the Organization	Do not assume that volunteer leaders all have authority to speak for the organization; there is liability for appearing to represent the org. The chief elected officer is the primary spokesperson and he or she can delegate.	M
Mission Creep	The mission statement should frame all discussions.	F
I Won't Say Anything my First Six Months	When a director is seated (installed) they have a responsibility to prepare for meetings, to be knowledgeable and to vote. Waiting several meetings to “learn the ropes” is inappropriate.	M
We Are Limited in Having Any Savings	An association or chamber has no restriction on how much assets or savings it has.	M
Budget Micromanagement	Know the <i>big picture</i> of finances. Don't fret over the \$20 expense. Combine budget and assets to understand the financial picture.	F
Confidentiality Is Important	Documents and discussions are to be treated in confidence. Let the staff and chief elected officer craft the messaging --- <i>before</i> you speak for the board. Consider signing a confidentiality statement.	F

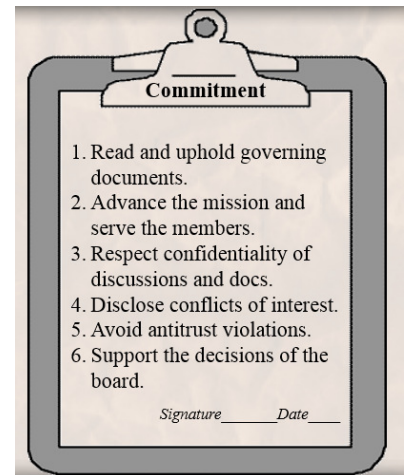
Who's Responsibility is It?

Who is Responsible?	Chief Elected Officer	Board of Directors	Exec. Director- Staff	Committee
1. Create a strategic plan.		✓		
2. Approve the annual budget.		✓		
3. Hire and evaluate staff other than the executive dir.			✓	
4. Assess performance of the board of directors.		✓		
5. Promote board accountability.	✓			
6. Assess the performance of the executive director.		✓		
7. Review IRS Form 990.				
8. Establish organization policies.				
9. Set the agenda for board meetings.				
10. Monitor income and expenses on a daily basis.				
11. Approve selection of the auditor/CPA.				
12. Develop (review) programs or services.				
13. Revise/update the mission statement.				
14. Exercise fiduciary oversight of the organization.				
15. Identify, recruit and train new board members.				
16. Create a business plan of action.				
17. Daily management of the organization.				
18. Create resolutions and positions.				
19. Document administrative procedures.				
20. Renew insurance coverages.				
21. Budget for staff professional development				
22. Appoint committees.				
23. Budget for technology investment.				
24. Develop external relations, collaboration.				
25. Sell sponsorships and generate revenue.				

Board Commitment to Duties (sample)

As the governing body, the Board of Directors has specific responsibilities. Certain duties may be assigned to individual directors to enhance the board's effectiveness. The officers have additional duties.

- Respect the integrity and abilities of other board members and strive to advance the unity and harmony of the board, recognizing that all actions belong to the board and not to individuals.
- Attend board meetings; advise the chair or staff when attendance is not possible.
- Prepare to discuss the issues and business to be addressed at meetings by reading the agenda and relevant background material.
- Participate actively in deliberations.
- Work with and respect the opinions of others who serve on the board; leave personal prejudices out of discussions and decisions.
- Act only in the best interest of the association and the membership.
- Protect the confidentiality of board discussions and documents.
- Accept appointment to board committees or as liaison to other components or outside organizations and keep the board informed of the progress and goals of those entities.
- Represent the organization in a positive and supportive manner at all times and in all places; being careful not to speak for the organization without appropriate authority.
- Serve as a resource in identify trends, issues, opportunities, and challenges facing the association and membership.
- Inform the board of all actual and potential conflicts of interest relating to the general purposes and activities of the association and to specific issues before the board.
- Refrain from using a position on the board for personal advantage or the advantage of any special interests inside or outside of the association.
- Identify, recommend and mentor future leaders.



Board Room Courtesies

How can you avoid a boardroom meltdown --- when voices are raised, fingers pointed or directors leave mad?

The board meeting is a setting that brings together diverse volunteers for the purpose of governance. Discussions can be passionate and frustrating, and the environment unique to new directors. Observe boardroom courtesy to enable a more effective governing process.

RSVP – The purpose of an RSVP is to ensure a quorum will be present to conduct business, to be certain sufficient seating and documents are available, and to prepare or provide an accurate count for food and beverage.

Prepare – Nothing is more frustrating to board and staff than to have a director arrive who reads the agenda or opens the packet for the first time at the board table. Preparation should start upon notice of the meeting and receipt of the agenda.

Brevity – Make points succinctly. Read the micro cues of directors to determine if the message has been understood or it included TMI – too much information. Remember that brief is better and appreciated in most instances.

Digital Distractions – Turn off cell phones and other communication tools, or set them on vibrate. Unless it is a personal emergency a director should not bolt from the room upon receiving a call. Remember board meetings are confidential – don't be texting information to outsiders.

Devil's Advocate – Some directors feel like they are responsible for playing the role of the "devil's advocate." They are not shy about announcing it. The underlying reasons for the approach should not be to make another director look bad, provoke, or prove them wrong.

Respect Boundaries – Directors are responsible for governance. Do not wander into the realm of management which is a staff responsibility. An organizational chart depicts lines of communication and hierarchy. Relationships with staff should remain professional, collegial.

Board Seating – Before rushing for a seat, allow the officers and staff to select where they feel most effective in their roles. Respect seat assignments if they've been made. Generally any guests sit apart from the board table. Guests don't have the floor unless called upon by the president officer.

Time Management – Respect the time of others and allocate sufficient time to fulfill the responsibilities of board service. Don't be the person

who walks in late and asks, “Can you just catch me up?”

Guiding Principles – Organizations develop values or guiding principles over time, often reflecting the vision of the founders. For example, diversity, a spirit of transparency, member-driven or a professional image.

Listen – There is merit to the saying, *we have two ears and one mouth to listen twice as much as speaking*. Avoid being the person who interrupts with, “I just have a question.” It characterizes a director who has not prepared or hasn’t been listening. To reduce interruptions jot down any points and reserve them for the appropriate discussion time.

Property – Protect the resources of the organization. When making a spending decision ask, “How will the members perceive this?” At the end of one’s term the organization’s property (stationery, credit card, loaned items) should be returned.

Confidentiality – Things will be read or said at meetings that should remain confidential within the board, for example contracts or grievances. The meeting is a place for open discussion so long as confidentiality is assured. There will be designated spokespersons to communicate important points after the meeting.

Authority – Directors must not assume they have more authority than comes with the position. Unless explicitly appointed, volunteers, committees or chapters don’t have authority to speak for the board.

Unity – Support the decisions of the board; don’t start a firestorm by telling

or writing emails or letters against board actions. Be careful about rehashing the board meeting in the parking lot.

Gender Neutral – Respect is an important aspect of board



meetings. Avoid singling out people or groups. Addressing everyone with respect ensures that no one is discriminated against (unintentionally or intentionally) nor treated differently. Try to use gender neutral language in making motions and long-lasting policies.

Attendance – The bylaws expect directors to be in attendance at duly called meetings. Missing a meeting is seldom acceptable, and whether or not a director attends, they are still liable for the decisions of the board. The board as a team is “only as strong as its weakest link.”

Posture - Slouching, head resting on hand, leaning back while stretching out, standing up to engage in yoga poses are all distractions.

Decorum – Directors are “agents” of the organization; maintain the decorum that reflects well on the organization. (Directors who wear an organization nametag or logo shirt should remove it before celebrating a night on the town.) Be careful with the casual attitude and language heard at home or work but not appropriate at the board meeting. Things cannot be unsaid. If someone has crossed the line, an apology may be in order.

Hoodwinked – Nobody likes a director who tries to pull a fast one on the board. Be open and honest with ideas and the rationale for proposals.

Process – Respect established processes associated with the organization. There will be a need to adhere to rules of order, read and comply with governing documents and to honor protocols.

Personal Stories – Using board time to share a personal challenge or drama is not the purpose. Directors are there to advance the mission and goals, not discuss personal issues.

Body Language – Read the body language of the board, especially the officers. The board has an agenda to complete in an allotted time. One good at reading body language can tell when there is anxiety in the meeting, things are behind schedule or discomfort is apparent.

Disagreement – Anticipate misunderstandings to arise, fervent opinions and passions. Displaying

anger, tears or storming off mad is inappropriate. If necessary, politely request *a moment* to gather oneself, displaying one's maturity and respect for others and the processes. Some discussions may be more appropriate by a closed door executive session.

Meals – Some meetings will require working through a meal. Table etiquette should apply. Nobody wants to listen to or watch someone chew ice, gum, chomp, lick, or crinkle wrappers. Adding onions and some other items permeates throughout the room.

Pitch-In – Someone was responsible for setting up the meeting. By adjournment there may be beverage containers, notes and food wrappers on the table. Before departing, offer to help staff clean up and reposition the room for the next meeting.

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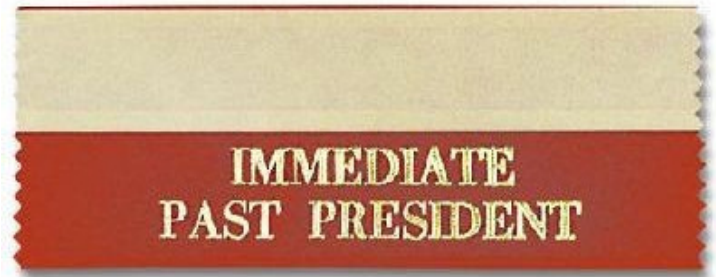
Note: Rosalinda Randall is an etiquette trainer and author of *Don't Burp in the Board Room*, with resources available at www.rosalindarandall.com. Bob Harris, CAE, offers governance tips and templates at www.nonprofitcenter.com.

Role of the Past President

The past president of an association, chamber or nonprofit board can be essential for sustainability of programs and leadership development.

Too often past presidents breathe a sigh of relief never to be seen again. Others have difficulty in the transitioning and giving up the power associated with the role of chief elected officer.

Consider these opportunities to engage past presidents:



- Special Projects** - The past president is ideal for shepherding a special project.
- Wisdom** – A past president has leadership experience to share with future leaders and help with board orientation.
- Strategic Plan** – The past president can continue work on roadmap spanning several years.
- Inspire Past Leaders** – The immediate past president is often the best person to reach out to past leaders. Call on them for special projects. Add some fun to gatherings of past presidents.
- Fund Raising** – The past president has garnered respect. They can lend their name to fundraising efforts.
- Good Governance** – Most immediate past presidents remain on the board for another year and many have a seat on the executive committee; they should be models of good governance.
- Public Service** – The past president can be positioned on other public and private boards to spread the message and mission.

The transition from president to past president is inevitable. Discuss continued engagement to maximize the value of such an experienced leader.

Committee Management

Types of Committees

Committees supplement the work of board and staff. Organizations are streamlining or eliminating all but essential committees and aligning committee work with strategic goals. Alternate names for committee include “work groups,” “sections,” “special interest groups, strike forces and quick action teams.”

Standing Committee - Identified in the bylaws, appointed annually, on-going committee work.

Ad Hoc Committee - Formed for specific or immediate needs and disbanded upon completion of work (a.k.a. **Task Force**)

Quick Action Team – Very short term, precise call for volunteers AKA *Strike Force, Rapid Response Team.*

COMMITTEE RESPONSIBILITIES

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

<p>Types of Committees</p> <p>Standing Committees are identified in the bylaws and serve the duration of the year.</p> <p>Subcommittees divide work amongst subgroups.</p> <p>Task Forces and Ad Hoc Committees are appointed for a specific purpose. The committee disbands after completing the assignment. Because volunteers have limited time, consider using task forces or Quick Action Teams (similar to task forces but even shorter duration.)</p> <p>Councils, Think Tanks, Brain-Trusts, Strike Forces and Special Interest Groups are other committee names, often created to engage persons with similar interests, such as practice specialty, geography or ethnicity.</p>	<p>Use a vice-chair or co-chair for sustainability. The position supports the chair and may become next year's leader.</p> <p>Committee liaisons serve as an advocate and champion. A board liaison is the communication channel between the committee and board. The staff liaison is a link to management and resources.</p> <p>Alignment in the Organization</p> <p>Committees have a "fit" within the organization. Each has an explicit purpose often identified in the governing documents (bylaws, policies or committee purpose statements.)</p> <p>Efforts of the committee should align with the organization's structure, strategic goals and resources. An org-chart will depict hierarchy and the relationship to the board and staff.</p> <p>Trends in Committees</p> <ul style="list-style-type: none"> • There are no "sacred cows" - is this committee necessary? • Elimination of standing committees in favor of task forces. • Committees are all aligned with the organization's strategic goals. • Technology use, on-line meetings and committee web portals. • No silos. Committees should interface with other committees to collaborate. 	<p>Outcomes and Recommendations</p> <p>Committees should produce <i>results</i>. For example, instance, creating new educational content, programs, publications, fund raising, a robust special interest section or enhancement in the organization.</p> <p>Most efforts by a committee will require approval by the board. <i>Recommendations</i> should be in the form of a motion or resolution. A request to the board should be explicitly clear so that directors understand and approve.</p> <p>When setting committee goals, be realistic about what can be achieved. Break projects into monthly or quarterly steps.</p> <p>Committee Resources</p> <p>Revolutes take the form of time and money.</p> <p>Finances - The annual budget may have allocations for committees.</p> <p>Time - Consider the value of a committee meeting by multiplying the # of persons involved x the length of the meeting x \$50 hour wage/vale (minimum).</p> <p>Information - "Read to Lead." Know the mission, bylaws, policies, strategic plan, budget and organizational chart.</p> <p style="text-align: right; font-size: x-small; border: 1px solid black; padding: 2px;">"Some committees keep minutes and waste hours."</p>
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Does every committee have a clear purpose statement?
Does every committee produce significant results?
Do all committees align with our strategic goals?

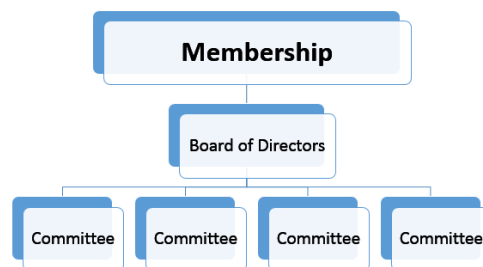
The Relationship between Board and Committees

Bob Harris, CAE

What is the best relationship of the board to committees? Are directors required to chair committees or serve as liaisons? Do committees work independent of the board, composed entirely of non-board members?

These questions are common in discussions of governance practices. They are the frequent plaint of board members, “I was nominated to the board and I am expected to chair a committee?”

There are factors regarding the ideal relationship of board and committees. Influences include the number of committees, amount of members willing to serve on committees, size of board, requirements of the bylaws, and willingness of board members to take on additional duties.



Purpose

Nearly every governing body in history has relied on committees. It is evidenced in the design of Capitol buildings surrounding the General Assembly with committee meeting rooms.

Committees supplement the work of the board and staff. They bring fresh ideas, approaches and resources to the organization.

Committees can produce significant results. I've seen committees develop important member benefits, create publications and manage vibrant social media campaigns.

On the other hand, committees can flounder. They may not have a clear purpose or vision of desired outcomes. They may be short on resources, or lack a quorum for conducting business.

Some committees have poor meeting practices. It was comedian Milton Berle who said, “A committee is a group that keeps minutes and loses hours.”

Committees can deter good members. Imagine the rejection felt by members who responded to a call for volunteers but received no follow up. Worse, volunteers become disenfranchised by attending committee meetings that waste time.

Be cautious of a committee thinking it has more authority than the board. I have encountered committees that created their own bylaws and bank account, even though they worked under the organization's board. A committee should not assume authority to speak for the board nor contract on behalf of the organization.

The link between board and committees can take varied forms:

Directors as Committee Chairs

Directors join a board for the purpose of governing. Duties are prescribed by bylaws, articles and policies. Adding the responsibility for chairing a committee may be a distraction or burden.

“A committee is a group that keeps minutes and loses hours.”

Will chairing a committee interfere with board duties? Was it disclosed in the nomination process?

Some bylaws are precise about committee appointments. For example, stating that the vice president *must* chair the convention committee; or the past president *must* lead the nominating task force. These persons may not be the right people for such important roles.

Avoid positioning directors in seats in which they are not committed. In the book *Good to Great*, Jim Collins suggests success begins by, “...getting the right people on the bus, the wrong people off the bus, and the right people in the right seats.”

Directors as Liaisons

An alternative to directors chairing the committees have them serve as liaisons. This maintains a link between the board and committees while a non-board member serves as chair.

Board liaisons must be careful not to usurp the authority of the committee chair. Director-liaisons are champions for committees, keeping the board informed of progress.

Ideally, the committee will also have a staff liaison. The staff-liaison is a link to management and resources.

Members Driving Committees

Maintain the boards focus on governing while having the membership drives committees. This serves the original purpose of supplementing the work of the board and is a means for developing future leaders.

In this case the committee is composed entirely of members. The board must commit to not meddling in the committee’s business.

By populating committees by board members only the organization loses opportunities to engage the membership and expand input. If it is difficult to convene committees, invest in technology and on-line collaboration tools.

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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 metrics (how many, how much) to gauge progress during our term. Everyone agreed and we achieved all of our aims within the year.



I Survived a Year on a Committee!

By Eric Westover and Bob Harris, CAE

COMMITTEE SURVIVAL TIPS (10)

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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 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.

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



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

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

Risk Management

The board has a hand in risk awareness and risk management. Consider that a board may want to have a suite and serve alcohol at the annual meeting. Is it worth the risk? Does insurance cover the risk? Can the risk be taken by a third party? Is there a policy about serving alcohol in the association or the facility?



Common risks in an association:

- Finances
- Antitrust
- Libel, Defamation
- HR Issues
- Discrimination
- Copyright Infringement
- Software Licensing
- Property Damage
- Tax Designations
- Local, State and Federal Requirements

Be certain to rely on insurance, legal and accounting counsel when considering risk acceptance and avoidance.

Risk Management

Be aware of potential risks and ways to reduce or avoid.

Public Records requests for the organization's annual federal tax return (Form 990) must be made available for the last three years. Significant fines occur for noncompliance.

Antitrust Violations occur when two or more persons from the same industry or profession discuss suppliers, processes, prices or operations. Remove yourself from any conversation that would change how business is conducted because of an agreement among competitors.

Apparent Authority arises when a board chair, though *not* granting actual authority, permits directors, committees or chapters to behave as if they have authority. Authority rests with the chief elected officer and may not be usurped.

Financial Audits by an independent financial expert to assets; appoint an audit committee to oversee and report on the process.

Conflicts of Interest disclosed at the start of the term and throughout the year.

Protecting the Board

The board has a responsibility to be aware of potential risks and to minimize or eliminate them. The board itself is protected in multiple ways. The best protecting may be knowledge. (Be sure to rely on legal, accounting and insurance counsel.)

Protection	Description	Ask the Question
Incorporation	Incorporation has many benefits; among them is protection for individuals on the board. If a person files suit, they file it against the corporation, not the individuals.	Is our organization incorporated?
Volunteer Immunity	Most states and the federal government provide immunity for directors who abide by the governing documents.	Do we undertake activities that would not be covered under volunteer immunity?
Indemnification	The bylaws may indemnify directors if they were to have a lawsuit filed against them. In this case, the organization should have sufficient funds to reimburse for defendant costs related to a suit.	Do our bylaws provide for indemnification and are their enough saving to pay for a defense?
Liability Insurance	Most organizations purchase liability insurance on the board called Directors and Officers insurance or D & O.	What size D & O policy do we have?

Insurance Coverages

General Liability

Typically the "core" coverage for a nonprofit. The most common occurrence covered is a "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

The key distinction of D & O 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. Among the items a D & O policy should are 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. Loss of may include 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; apply to treasurer and volunteers too.

Liquor Liability

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.

Meeting Cancellation

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.

Cyber Crime – May cover data breaches, credit card processing on-line, etc. Check with agents.

Publishers Insurance – As more organizations post their newsletters and resources to the internet, risks may involve copyright and use of photos without permission.

Meeting Minutes

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.

Ask legal counsel to review minutes before they are distributed to be certain no liability is created in the record of discussions.

#

Approving the 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.

Summary of the *Robert's Rules of Order* 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.'"

Advice: 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.

Executive Sessions - Policy

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 turns 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

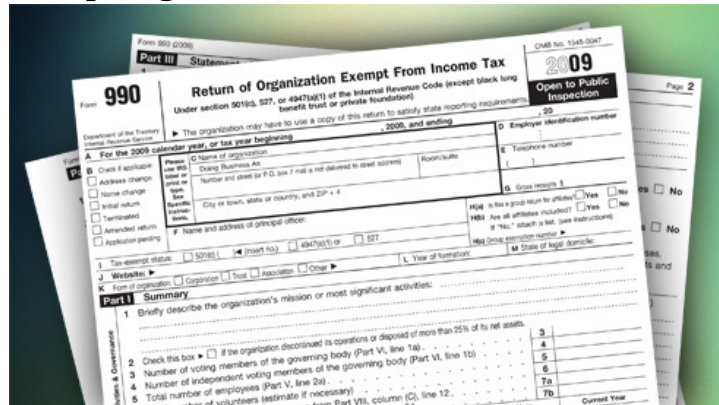
IRS Form 990 Disclosure (Excerpts from IRS Website)

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 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.

#

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 - Policy

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.)***

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.

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'.

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 of the corporation and handles corporate funds. The secretary is

in charge of corporate books and records (minutes, resolutions, etc.) and may be charged with issuing and transferring stock.

Policy Adoption

This policy statement provides guidance concerning make public statements on behalf of or as a organization and the manner in which such public handled. It also provides guidance as to the documents or other information from the association

It shall be the policy that any communications association shall be official, at the direction of or staff. No statements shall be made, either conflict with the position or policy of the Leadership should understand, that by virtue statements may be perceived by the public as behalf of the association. To control official 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.

“I can’t speak for the organization or board but I can give you my personal opinion.”
who is authorized to represent the board but statements should be distributed by the board.

on behalf of the the president, board verbal or written that association. of their position, that official and on communications,

APPARENT AUTHORITY.doc

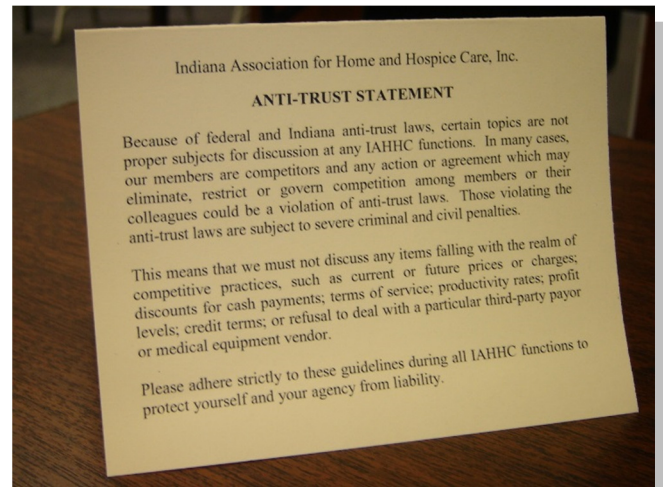
Antitrust Avoidance - Policy

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).*

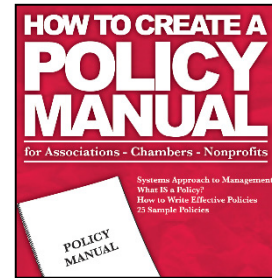


Antitrust Compliance Program

Create 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.

Email bob@rchcae.com for a copy of the Policy Management Toolkit PDF.

Common Policies

- Record Retention - Destruction
- Logo Usage and Limitations
- Apparent Authority – Stationery Usage
- Confidentiality
- Savings Reserves
- Investment Policy
- Insurance Requirements
- Antitrust Avoidance
- Check Signing Authority
- Software Licenses and Downloads
- Liquor and Hospitality Suites
- Endorsements – Affinity Programs
- Executive Session
- Listservs – Bulletin Boards
- Diversity – Inclusivity
- Public Records
- Conflicts of Interest
- Compensation Data
- Whistleblower
- Financial Audit

Strategic Direction - Planning

Terminology of Planning

STRATEGIC PLANNING

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

Why Have a Strategic Plan

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

Values – Guiding principles of the leadership and staff.

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

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

Tactics – Assignments, accountability and deadlines.

Performance Measures – Methods to measure progress.

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

Trends in Planning

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

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

Span of the Plan

3-5 Years
Most plans span three years. Planning annually tends to cause short-term thinking. Plans exceeding 5 years may be unrealistic in rapidly evolving environments.

Planning Retreat

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

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

Brand Statements

The mission, as well as vision and values, serve as a “premise” to the connectivity. The statements help to distinguish the organization. While the vision

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

Board Roles and Goals – Bob Harris, CAE

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Planning Process – Before, During, After

Strategic Planning Process

(90 Days – Start to Finish)



Before

(Pre-Planning)

Phase I – 60 Days

- Determine Need for Plan
- Select Date & Timeframe
- Select Retreat Setting
- Select Facilitator
- Select Participants
- Conduct Survey(s)
- Prepare Reports

During

(On-Site)

Phase II – 1/2 - 2 Days

- Set the Scene – Purpose
- Report on Findings
- Review Prior Plan
- Affirm Mission, Vision, Values
- Consensus on Goals
- Set Strategies
- Set Performance Measures
- Accountability - Tactics

After

(Post-Planning)

Phase III – 30 Days

- Circulate the Draft
- Officially Adopt Plan
- Promote Results
- Appoint Plan Champions
- Include on Agendas
- Integrate* (Budgeting, Marketing, Membership Campaigns, etc.)

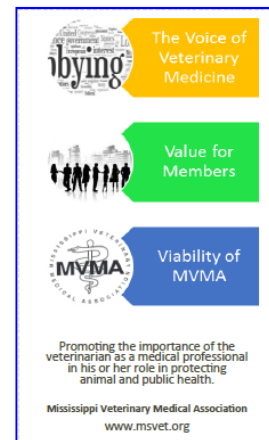
Notes: Goals and strategies *must* be realistic, achievable, and measurable. Tactics are most often completed by committees and staff *after the retreat*. Ideally planning is conducted over two half-days rather than *one long day*. **Integration** with budget and committee efforts is critical. Additional 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

Implementing the Strategic Plan

The planning retreat is an important activity for reviewing and developing strategy and direction. During the retreat enthusiasm builds for new programs and growth. After the retreat everyone returns to their daily priorities. The retreat is just a memory.

Here is a checklist to deploy and sustain progress on the strategic plan.

- **DRAFT:** Circulate the final draft of the strategic plan to board and staff decision makers to check for accuracy.
- **ADOPTION:** Official adoption of the plan by a motion of the board at the next meeting; within 90 days.
- **AWARENESS:** Announce the plan's major goals by posting on website, press release, newsletter and presentation at an annual meeting (consider PowerPoint format and printed handouts – the most well-read and membered plan will fit on a business card.)
- **ACTION PLAN:** Translate the strategic plan into a business or action plan detailing the assignments to committees and staff; adding deadlines.
- **METRICS:** Identify performance measures so progress can be measured and success recognized.
- **RESOURCE ALLOCATION:** Adapt or revise the budget to reflect the recommended programs in the new plan.
- **CHAMPIONS:** Appoint a strategic plan champion, or goals' champions, to monitor and report on progress.
- **COMMITTEES:** Align committees and task forces with the goals to ensure volunteer workforce supports each goal. Merge or eliminate unnecessary committees.
- **CONSULTANTS:** Outsource work that needs to be delegated beyond staff or volunteer capabilities.
- **REPORTING:** Allocate time to report on progress (or delays) in the strategic plan. Consider a color-coded system such as GREEN – underway; AMBER – progressing; RED – completed or needs attention.
- **UPDATE:** Annually review the plan in-depth. In three years develop an updated plan.



The plan is a roadmap for leadership and staff. It should be integrated into all aspects of the organization.

#

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

Activity Alignment with Goals – Purposeful Abandonment

Mission: To advance and protect the profession.....

GOALS	Program Event Activity	Supports the Mission Statement	% of Member Usage	Other Users	Gross Income	Budgeted Costs	Indirect Costs	Recommendation for Upcoming Year
Education	Annual Conference							
	Webinars							
	Regional Road Show							
Communications	Journal							
	Website							
	PR Firm							
	Weekly E- Blast							
Advocacy	Day on the Hill							
	PAC Fund Raising							

Activity Alignment with Strategic Goals 4-11.docx

Appendix and References

Essential Documents and Systems' Platforms

	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.

Associations of the Future

Bob Harris, CAE

What does the association of the future look like? Consider this input from association executives:

Start with a Strong Mission – The mission frames everything ---- be sure it is clear, powerful. Examples included *The Voice for Visual Journalists* (NPPA); Hopkins Regional Chamber's *Champion for Business – Advocate for Community*; Florida Medical Association's, *Helping Physicians Practice Medicine*. (Can you tweet your mission?)

Business Acumen – Align with the terminology of business – “nonprofit” is only a designation. Transform members into *investors and shareholders*, and work to increase *member equity*.

Not Limited by Borders Limit - Think beyond boundaries; develop products and license them to the other 49 states or to allied organizations. Do members have to be the *only customers*?

Intensify Collaboration - Find new collaborative partners. For example, a local component or chamber partnering with rural health or rural water organizations to focus on adequate resource accessibility into the future.

Global Benefit – Members and businesses may be expanding marketing share with an eye on *global* interests. Build relationships, insights and knowledge of global opportunities. Integrate international affairs into programs and services. For example, what is the potential impact of the enhanced Panama Canal on members, businesses and communities?

Technology Investment – Build technology platforms to reduce reliance on staff and improve member access to education, membership, mentoring, connectivity, etc. Invest adequately for the long-term, potentially up to ten percent of the budget.

Intellectual Property – Use the expertise of the board, staff and volunteers to create documents that position the organization as an expert in the field. Copyright the intellectual property to increase stature and credibility.

Kick Ass Problem Solutions – *Innovation* must be a guiding principle for board and staff. Members foremost want answers, solutions and resolution to their problems (KAPS).

Right Size Board – State laws allow corporate governance with less than five persons. Does a board of 40, 50 or 70 directors make sense? Analyze costs associated with convening a large board, insuring them, keeping them informed, providing documents, food and beverage.

Fair Share Dues Model – What would members pay for dues based on a fair-share or value? The model comes from the restaurant promotion: “Pay only what the meal is worth.” Would members increase or decrease what they pay your organization? Upsell with tiered dues offering added access and value.

The Right Structure – Build subsidiaries to enhance revenue and opportunities in the form of a for-profit and/or foundation. Use the organization's knowledge and equipment to create a management company for other organizations.

Trustees – Referencing the board members as trustees of the corporation should characterize the directors as having the trust of members to fulfill their fiduciary duties and governing responsibilities. A transition from, “I’m just a volunteer on a board.”

Revamp Staff Titles - Empower staff with titles that position them as experts. The Education Manager may be the *Director of Knowledge*; the Membership Director may be the *Director of Shareholder Relations and Engagement*; the CFO may be the *Asset and Equity Building Manager*.

Purposeful Abandonment – Evaluate everything that has been added to the to-do list over years and decades. If it doesn’t fit the mission or money criteria, revamp, drop or give away to another organization. Ask a task force to bring programs and resources back in line with the mission. Too many organizations simply describe their benefits and services as a “long list without much value.” Work towards creating a “golden handcuff,” a benefit so valuable members are eager to join and renew.

The Energy of Emerging Leaders – Invest in an *Emerging Leaders and Young Professionals Forum* and give them responsibilities in the organization; they can be a powerhouse of energy and ideas.

Too Many Organizations in the Space? - Explore mergers to strengthen the community instead of divvying up the resources among multiple organizations. If not a merger – explore serious collaborative efforts.

Member Care and Wellness - If the organization positions itself as the lifelong home to members – consider a role in offering wellness services. Be ready with services when a member is stressed, addicted, etc. Don’t ignore problems when members are hurting and need a place to turn.

Regional Thinking – Enlarge footprint, stature, issues expertise with regional thinking – avoid working in a silo. Find new and unique collaborative partners.

Customer Base – Focus less on “the member” but more on a broader customer base for the organization.

Issues Ownership – Consider adopting in-depth issues that impact members and community, for example *Drug Free Workforce Alliance* (resulting in insurance savings), the *Water-Economic Impact Nexus*, or the *Business Infrastructure Alliance*? Take up issues that impact members and position the organization as a respected resource and visionary.

Is the Name Tainted? – The word *association* or *chamber* denotes, “pay your dues.” Create an organization less reliant on dues, broader in services and focused on a bigger vision. Consider replacing name with council, alliance, or forum. Examples discussed included *Forius* (NACM Midwest), *Global Cold Chain Alliance*, and *Corenet Global*. Could an association of CPAs transform to the *Alliance for Business Success and Accounting*; can an Economic Develop Council be the *Economic and Global Development Forum*?

The leadership and staff should constantly scan the environment and adapt for the future.

#

Revise the Board Agenda

Bob Harris, CAE

Purpose

An agenda ensures that meetings are purposeful --- a framework communicating desired outcomes. The agenda sets a starting and ending point, so directors can pace their discussions.

It allocates sufficient time so each topic or program can be vetted. Carefully crafted, it paints a picture and projects desired outcomes, allowing the board to function as a team.

“At the start of the meeting the chief elected officer should describe what needs to be accomplished and the desired outcomes.”

Craft a New Agenda

I know of no rule, law or policy that says an agenda cannot be redesigned. Take the opportunity to craft an agenda that works for the board.

The aim of every meeting is significant outcomes that advance the mission. Volunteers want to make best use of their time.

Try these agenda adaptations:

- Crafting the agenda is a shared responsibility of chief elected officer and chief staff officer.
- In developing the agenda, consider how it specifically reflects or advances the strategic plan.
- Use a consent agenda to distribute reports in advance, and urge directors to read them before arriving at the meeting --- a fiduciary duty.
- At the start of the meeting the chief elected officer should describe what needs to be accomplished and the desired outcomes.
- Include the mission statement at the top or bottom of the agenda. Frequently ask, “How does this discussion advance our mission?”
- Divide the agenda in thirds. One-third updates; one-third essential operations and approvals; one-third visioning.

Board Meeting Agenda	
Location – Date - Time	
I. Call to Order ¹	Chair – 8:30
II. <u>Approval</u> of Minutes	Secretary
III. Treasurer’s Report <u>Acceptance</u>	Treasurer 8:15
IV. Consent Agenda (Reports distributed in advance, no action)	
a) Executive Director Report	
b) Committee and Officer Reports	
c) Misc. Reports - Background	
V. Strategic Goals Discussion	8:35
A. <u>Advocacy and Gov’t Affairs</u>	
B. <u>Member Support</u>	
C. <u>Professional Development</u>	
D. <u>Organizational Excellence</u>	
VI. Mega Issue	9:00
VII. Old - Unfinished Business	9:30
VIII. New Business	
IX. Adjournment and <u>What’s Next</u> ²	9:55
Mission Statement: _____	
¹ Reminder about antitrust avoidance, conflicts of interest, and confidentiality. ² Review of assignments and expectations before the meeting adjourns.	

- Include time markers so attendees know whether a topic is expected to take 5 or 45 minutes, for example.
- Where topics and reports have “champions,” list their names so they know they are expected to lead the discussion.
- In lieu of reports, use a dashboard to visually depict progress by agreeing on the performance measures the board wants to monitor.
- Agree how far in advance the agenda and supporting documents will be distributed or made accessible; you want directors to anticipate and allocate time for preparation.
- Use technology, encouraging directors to bring their tablets and laptops and/or project the topics on a screen. Avoid directors ruffling through piles of papers.
- Consider adding a “mega issue.” A topic that is of particular importance that encourages innovation and problem solving.
- “What’s Next?” Before the meeting adjourns, ask what’s next to ensure understanding of assignments and deadlines.
- After the board meeting analyze the minutes. If they don’t reflect significant results, consider additional revisions to the agenda until it is honed for a high performing board.

I’ve found that every board member, and every meeting, has an intent to achieve significant results. The agenda should be the platform for success.

#

Note: Bob Harris, CAE, offers free governance tips and templates at www.nonprofitcenter.com.

Organizational Knowledge

1. Our Mission Statement

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

IRS Designation?

- 501(c)(3)
- 501(c)(6)
- For Profit
- Other _____

2. **Incorporated** as a Non-Profit or For- Profit?

3. Finances

- ✓ I know the size of our budget to within: \$1,000__ \$5,000__ \$50,000__
- ✓ I know how much we have in savings: \$_____
- ✓ I know our budget's largest revenue stream: Yes__ No__ \$_____



4. Governance – Management Model

- ✓ The board has one direct-report employee.
- ✓ The CPA/Attorney works for: the board or for the CEO .
- ✓ Board conducts self-evaluation? Yes__ No__

5. Membership Market Share

- ✓ The % of members compared to the total market potential is 100% of potential members__ less than 75%__ less than 50%__ less than 30%__

6. Benefits and Services

- ✓ The benefits and services are relevant, offering significant return on investment (ROI) Yes__ No__
- ✓ Our “golden handcuff” is: _____
- ✓ We have new programs meeting members’ needs? Yes__ No__

7. **To Protect the Organization we Have:**

- ✓ CPA to conduct financial: Audit Review Compilation
- ✓ Insurance: D & O General Liability \$ Bond Meeting Cancellation
- ✓ Have legal counsel available? Yes__ No__
- ✓ Disclose conflicts of interest? Yes__ No__
- ✓ Avoid antitrust violations? Yes__ No__

8. Strategic Plan

- ✓ We have a plan: Yes__ No__ Next plan update or retreat? ____ Year
- ✓ The number of goals in our current strategic plan? _____

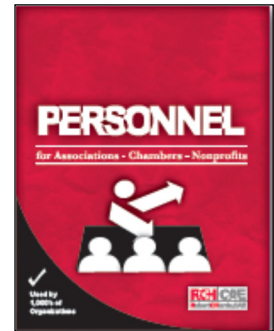
Sustainability with 6 Manuals

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.

Personnel Manual

Also known as the HR manual, it details employee expectations and regulations. For example, 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 attorney¹.

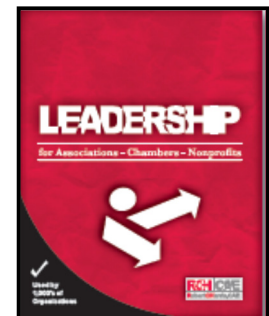


Procedures Manual

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.



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 organization² 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.)

¹ 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.

² 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.”

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.

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, 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

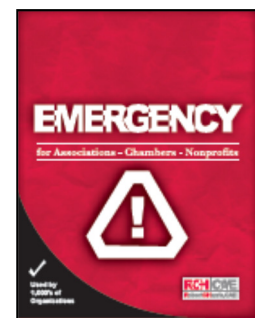
The style manual or communications guide is used to describe the appropriate (and inappropriate) uses of the organization’s logos, key words, PMS color, preferred typeface, etc. Its purpose is to maintain a consistent image and brand.

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.)



Avoid Group Think at Meetings

Bob Harris, CAE

Eager-to-contribute board members often voice their ideas with great passion.

Quite often boards, directors and committees (mistakenly) believe that “adding” projects and programs will be their legacy and measure of success. (Many organizations are purposely abandoning outdated programs to better align resources³ and programs.)

So, when a charismatic director proposes an idea, anticipate that the enthusiasm will build. The motion gains support as more directors ask questions and seemingly reach agreement. The perception is that the proposal is popular and merits a favorable vote.

But wait! Enthusiasm may mask good judgement.

Duty of Care

Directors must uphold the fiduciary principle of Duty of Care. It can be characterized as asking the right questions at meetings. For instance:

Is there genuine backing for the idea ---- or momentary zeal? Will the proposal strain resources? Does it advance the mission? How will progress be measured? Is it a single event idea or perpetual activity?

When a good idea advances without careful and strategic consideration it may be a sign of “group think.”

Group Think, a term coined by social psychologist Irving Janis (1972), occurs when a group makes faulty decisions

because group pressures lead to a deterioration of “mental efficiency, reality testing, and moral judgment.” A group is especially vulnerable to group think when its members are similar in background, when the group is insulated from outside opinions, and when there are no clear rules for decision making.

What starts with, “I have a good idea...” may not fit within the strategic plan and budget. Directors should recognize the difference between enthusiasm versus knowledge based discussions.

Take the Temperature

How can the board determine what is a wise motion or simply a fervent discussion?



The meeting chair is encouraged to ask, *“We know this is an interesting discussion but how many of you are certain that the idea fits inside our strategic plan and mission? Are we willing to divert resources for this new program?”*

Group Think

When enthusiasm outpaces knowledge-driven discussion it becomes dangerous.

This principle is frequently used to describe the space shuttle Challenger disaster. The NASA team was so enthusiastic to launch the shuttle they may have failed to recognize the impact of the weather on the ship's O-rings.

The Parking Lot

"Is this a discussion important enough to continue or should we 'park it' and get back to our agenda," may be the best question by directors.

Rather than seeking unanimous agreement and courtesy within the board, it may be ok to recognize the director and suggest the proposal be considered in next-year's program of work --- or placed in the parking lot.

Abilene Paradox

Another example of a group being swayed by the momentum of the conversation is evidenced in the Abilene Paradox. The concept describes a group of people who collectively make a decision when in reality, nobody really agreed. The group seeks harmony and does not question the merit of the discussion.

The paradox comes from an anecdote in which a family in Texas, on a sweltering,

dusty afternoon, agrees to drive 53 miles to Abilene in an old car for a meal. Everyone voices that it is a "great idea." The 106 miles roundtrip are unbearable. The meal is not much better.

After the exhausted family returns home, the mom voiced that she would have preferred to have stayed home. Others said they wished they had avoided the trek but felt they had to agree in order to satisfy the rest of the group.

Advice

Be prepared for meetings when the enthusiasm of the discussion (group think) or a desire to agree (Abilene paradox) replaces the sound judgment of the board.

Everyone should be empowered to ask: *"Is this a discussion we need to have? Does it advance our mission? Does it fit within our strategic goals?"*

If the answers are "no," postpone the conversation, put it in the parking lot or drop it in order to get back to the substantive agenda items and to advancing the strategic plan.

Bob Harris, CAE, provides free governance tips and templates for associations and chambers at www.nonprofitcenter.com bob@rchcae.com [2016]

Your Gavel is Not a Magic Wand, Crown or Crystal Ball

Passing the gavel is an association tradition of the gavel. Maybe it should needs a message tied to the gavel: "This is not a magic wand, crown or crystal ball."

No Magic Wand – A wave of the gavel has minimal impact other than to maintain order at the meeting. The gavel does not command respect; it is the credibility and authentic leadership of the president that supports good governance. Nothing replaces hard work.

Not a Crown – One cannot wear the gavel. It does not give the president any more authority than others on the board – directors all have one vote; though officers do have more responsibilities as described in bylaws and a description of duties. Royalty is not a characteristic of leadership.

No Crystal Ball – The gavel is not a gazing ball to predict the future. Nothing can replace the need for continuous scanning of the environment and influences on the association. The board has a responsibility to monitor threats and opportunities.

The position of president or board chair requires a combination of skill and character. Consider this collection of presidential lore:

1. You are the elected president; not the king or queen.
2. The president and the executive director work best as equals.
3. Take your role, but not yourself, seriously.
4. Don't ask the executive director to interview or employ your family members.

5. Planning 100 days prior to your term will have the highest dividends.
6. Allocate time to read, read and read.
7. Be the association's premier cheerleader.
8. Be intimate with the strategic plan and finances.
9. Never use your position for



- personal gain.
10. The association belongs to the members, not to you.
 11. Memorize the mission statement – it should frame everything you do.
 12. Don't ask the staff to do anything personal for you. They are paid to manage the association – not to manage you.
 13. When and if you spend money, be ready to justify that it is in the best interest of the members.
 14. No one can do this job alone; build your team before your term begins.
 15. Call on your president-elect or VP.
 16. Be the model of accountability.

17. Take antitrust avoidance seriously; penalties include fines and jail.
18. Ask the executive director's advice before you undertaking projects or speaking out.
19. Consider diversity in making appointments.
20. Streamline board meetings with well-planned agendas.
21. Start and end on time.
22. Attend at least one meeting of each of your committees; as a show of support – not to run the meeting.
23. Follow lines of communication depicted in the organizational chart.
24. Be the leader your members will respect and thank for years to come.
25. Promote transparency, avoid rump sessions and secrets.
26. Listen to the whispers and you'll avoid the shouting.
27. Don't neglect your family or business; they need to be there when your term is over.
28. Stay physically fit – stress kills.
29. Be flexible; it is not important that you always win.
30. Never say, "We have always done it that way" or "we tried that once before."
31. Collaborate and form partnerships; avoid working in a silo.
32. Desire to be inclusive; avoid the image of a good old boys club.
33. If you aren't moving forward, you'll lose ground.
34. Avoid telling jokes, inappropriate comments will bite you.
35. Mix and mingle with the members before every meeting; avoid the head-table-clique
36. Call on other leaders (past and present) for counsel; you're not in this alone.
37. Don't be embarrassed to say, "I don't know."
38. Have the courage to admit someone else may have a better idea than you.
39. The process is often as important as the outcome.
40. Don't take criticism personally.
41. Give credit to others, often.
42. Respond promptly to emails and phone calls.
43. Invite everyone's input but work to reach consensus and make decisions.
44. Your job is to advance the strategic plan, not to make a to-do list for your legacy.
45. Membership is voluntary; don't end your term with fewer members than when you started.
46. Promote small successes; they will add up by the end of your term.
47. Get to know, and thank, the staff.
48. Don't miss meetings; you're expected to be there.
49. Do fun things during your term – life is short!
50. At the conclusion of your term, you are history.

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

About Bob Harris, CAE

There are more than one million nonprofit organizations in the US. Bob has studied thousands of associations and chambers 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 has worked with business associations Ukraine, Jordan, Belarus, Egypt, Lebanon, Japan and Cambodia.

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 excellence in professional development. *Association Trends Magazine* named him Association Partner of the Year.

He has worked for Hyatt Hotels of Florida for 32 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.

<p>bob@rchcae.com 850/570-6000</p>
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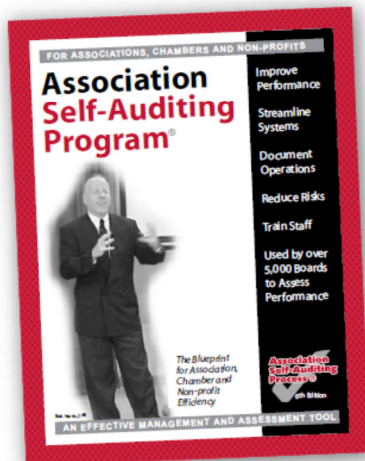
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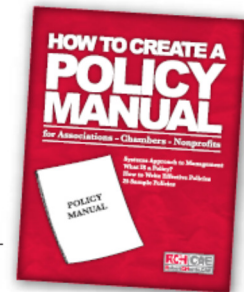


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