

## **Fundamentals of Effective Board Service Session Benchmarking Questionnaire**

### **Strategic Plan & Mission Statement**

1. I have an existing Strategic Plan. Y / N
2. The existing Strategic Plan was developed in \_\_\_\_.
3. The existing Strategic Plan covers a period of \_\_\_\_ years.
4. I can state three goals from the Plan by memory. Y / N
5. I know the Mission Statement by memory. Y / N
6. The Mission Statement reflects today's organizational purposes. Y / N
7. We do an effective job of communicating the Plan and Mission to our members. Y / N
8. The Strategic Plan is a driving force for agendas, board discussions and the focus of successive leaders. Y / N
9. I know what SMART strategic goals are and why they are important. Y / N

### **Policies & Procedures**

10. Our association has up-to-date Articles of Incorporation, Bylaws and P&P. Y / N
11. I am aware of the three Board Legal Duties (as defined by ASAE). Y / N
12. I am aware of the role of Committees, Task Forces, Councils, *etc.* Y / N
13. Our association has a risk management policy/strategy in place. Y / N

### **Budget**

14. I know the size of our budget to within: \$1,000 \_\_\_ \$10,000 \_\_\_ \$100,000 \_\_\_
15. I know how much we have in reserves. Y / N
16. I know our three largest revenue streams. Y / N
17. I know the ratio of dues to non-dues revenue. Y / N
18. Our financials undergo an independent review and audit by a CPA. Y / N

### **Staffing**

19. Our executive director is an: employee \_\_\_ independent contractor \_\_\_
20. The executive director reports to \_\_\_\_\_.
21. I know the term of our Executive Director's agreement. Y / N
22. Our executive director has a formal job description and performance is evaluated on a regular basis. Y / N

23. Our board is a knowledge-based organization and has a formal structure for measuring and reaching consensus. Y / N

### **Committees**

24. Committees work is driven from the Strategic Plan goals on an annual basis. Y / N

25. Committees have an established and consistent means to report to and interface with the board. Y / N

26. Board and Committee volunteers have written job descriptions. Y / N

### **Membership Benefits & Penetration**

27. I'm satisfied with the percentage of members we have compared to the total market potential of prospects. Y / N

28. Our membership represents \_\_\_% of the prospects: About: 25%, 50%, or 75+%

29. The benefits/services are relevant and offer high return on investment. Y / N

30. I can describe our top five benefits to a prospective member. Y / N

31. Our #1 benefit is: \_\_\_\_\_.

32. Our "golden handcuff" benefit is: \_\_\_\_\_.

### **Policy Development**

33. Our association requires that directors review/sign a board code of conduct, or commitment form. Y / N

34. Are policies are clearly communicated to new board members? Y / N

35. Our association has policies in place to address the following:

- |  |       |
|--|-------|
| a. Record Retention – Document Destruction         | Y / N |
| b. Apparent Authority – Stationery Usage, etc.     | Y / N |
| c. Confidentiality of Documents and Discussions    | Y / N |
| d. Savings Reserves                                | Y / N |
| e. Investment Policy                               | Y / N |
| f. Insurance Coverages Required                    | Y / N |
| g. Antitrust Avoidance                             | Y / N |
| h. Credit Card Usage                               | Y / N |
| i. Check Signing Authority                         | Y / N |
| j. E-mail – Computer Usage                         | Y / N |
| k. Software Licenses and Downloads                 | Y / N |
| l. Endorsements – Affinity Programs                | Y / N |
| m. Sexual Harassment                               | Y / N |
| n. Whistleblower Clause for Staff                  | Y / N |
| o. Executive Session Usage/Process                 | Y / N |
| p. Membership Privacy – Confidentiality of Records | Y / N |
| q. Listserves – Bulletin Boards                    | Y / N |

## The Language of Associations

Associations, chambers of commerce and other not-for-profit organizations have a language all their own. Use this list of common nonprofit terms to orient new staff and volunteer leaders.

**Accreditation** - Recognition by an accrediting organization or agency that an organization meets certain acceptable standards in its programs, services, and facilities. (The U.S. Chamber sets performance standards for the accreditation of chambers of commerce.)

**Association** – A community of individuals or companies that collectively serve the interests of their members that cannot be met effectively by individual action. Chambers of commerce and associations both tend to be assigned the 501(c)(6) – business league – status by the IRS.

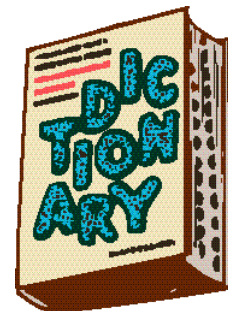
**Audit Committee** – An appointed group of volunteers responsible for overseeing annual financial audit, presentation to the board and oversight.

**CAE** – Certified Association Executive, designated by the American Society of Association Executives.

**CCE** – Certified Chamber Executive, designated by the American Chamber of Commerce Executives.

**Certification** - The process of validating performance and/or compliance with the requirements of established standards. (Refer to CCE by ACCE and CAE by ASAE.)

**Chamber of Commerce** - An organization of business people designed to advance the interests of its members. There are three levels: national, state and local. Usually designated by the IRS as a “business league” and 501(c)(6).



**Directors and Officers Insurance** – D & O liability insurance coverage that may cover staff, board and volunteers as indicated in the policy.

**Due Diligence** – The expectation that a board member, and the board, exercises reasonable care and follows the business judgment rule when making decisions.

**Duty of Care** - An expectation that a board member *exercises reasonable care* when making decisions.

**Duty of Loyalty** – The expectation that a board member remains faithful and loyal to the organization; avoiding conflicts of interest and personal agendas.

**Duty of Obedience** - An expectation that a board member remains obedient to the central purposes of the organization and respects all laws and legal regulations.

**Endorsement** – A specific recommendation, actual or implied, that the organization has reviewed and recommends the program or service. (Similar to *Affinity Program*.)

**Executive Committee** – A subset of the board of directors charged with responsibilities between board meetings; usually including the executive officers of the board.

**Federated Structure** – An organization structure where there is a central governing body and all subgroups are closely related to central organization. Whereas a trade association represents companies, and professional societies represent individuals, a federated organization generally has other associations as its members.

**Form 990** – The annual information report most nonprofits are required to submit to the IRS; a public record. Organizations with gross receipts of less than \$100,000 and total assets less than \$25,000 at the end of the year may file a short-form Form 990 called Form 990-EZ. Exempt organizations that generate unrelated business income (UBIT) must also file a federal income tax return (990T).

**IRS 501(c)(3)** - Organizations with an education, research, professional or philanthropic/charitable purpose. They do not actively lobby on issues that affect their areas of concern (though informative, educational briefings are permitted.)

**IRS 501(c)(6)** - Organizations include trade associations (those with companies or institutions as members) and individual membership organizations that provide benefits and services to their members and are permitted to engage in lobbying activities.

**Letter of Determination** – An official notice from IRS stating that a nonprofit organization has exempt status from paying federal income tax. (For IRS assistance in replacing a letter of determination dial 877-829-5500.)

**Membership Categories** - Bylaws identify numerous membership categories, including regular members, associates, honorary, retired, student, lifetime, etc.

**Associate – Affiliate Members-** Suppliers to the organization’s primary members.

**Regular Members** – The primary members of an organization as identified in the bylaws or mission statement.

**Member Attrition** – The loss of members, usually expressed quantitatively as the “attrition rate.”

**Member Retention** – The retention or growth of membership usually expressed quantitatively as the “retention rate.”

**Minutes** – The legal record of what occurred at an official meeting of the organization; applicable to the board as well as committees.

**Mission Statement** – A clear concise statement identifying what the organization is, whom it serves and what it offers.

**Nonprofit** – Casual term for “not-for-profit” which tends to be a legal reference indicating corporate status.

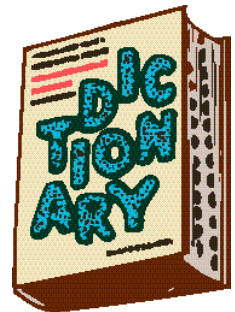
**Political Action Committee – PAC** – An organization formed to raise and contribute money to the campaigns or causes that the group believes promotes its best interests.

**Professional Society** – A not-for-profit voluntary membership organization representing individuals with a common interests in a subject or a profession such as law, medicine, and accounting. There are three types of professional societies: those representing common interests such as AARP; those representing a body of knowledge such as engineering, automotive, etc; and those dedicated to a religious, charitable, public service or fraternal causes, such as the National Council on Aging, and the American Lung Association.

**Public Records** – Refers to the records associated with the IRS that are deemed to be public, including the annual federal tax return (990), application for exempt status and letter of determination.

**Rules of Order** – Used at meetings to advance the agenda and keep order. A protocol of motions, seconds, actions and hierarchy. Various forms include Robert’s Rules of Order and Sturgis.

**Quorum** – Minimum number of people required at a meeting in order to conduct business; usually specified in the bylaws or by state corporate requirements.



**Strategic Plan** – A “roadmap” for the volunteers and staff to follow for a period of years; reviewed and updated annually. Includes mission, goals, strategies to achieve the goals, and accountability.

**Subsidiary** – An organization affiliated with the parent organization sharing similar leadership and staff. For example, a political action committee (PAC), foundation, or for-profit corporation.

**Trade Association** - A not-for-profit voluntary membership organization that represents a group of companies having a business or trade in common. Companies work together to accomplish goals that no single firm could achieve alone. Their activities include promoting business for the industry, encouraging ethical practices in the industry, setting standards, conducting research, cooperating with other organizations, offering education, trade shows and conventions.

**Unrelated Business Income Tax – UBIT** – Income considered by the IRS to be taxable because the nonprofit organization’s activities are deemed to be unrelated to the mission and goals of the association. The IRS considers activities that are unrelated to the organization’s primary business (mission) if it is regularly carried on, and is not substantially related to the furtherance of the exempt purpose of the organization.

**Value Statement** – A written statement of the beliefs, principles and ethics guiding the organization.

**Vision Statement** – An ideal of where the organization desires to be in the future, especially if it had unlimited resources. For example, “*ABC organization will be the premier resource for industry members and the public to best serve their needs for safety, profitability and opportunity.*”

**Volunteer Immunity Act** – Most states have volunteer protection statutes limiting the liability of volunteers (if the volunteer act within the scope of their duties, in good faith, and the injury is not caused by the willful conduct of the volunteer.)

**Volunteers** – Agents of the corporation for whose acts the corporation may be liable. Volunteers are greatest asset of the nonprofit organization and the culture of the USA.

# # #

*Note:* Bob Harris, CAE, offers free management tools at [www.nonprofitcenter.com](http://www.nonprofitcenter.com). He can be contacted at [bob@rchcae.com](mailto:bob@rchcae.com).

*Terminology 2004.doc*

## **Principles of Obedience, Loyalty & Care**

A board member must meet certain standards of conduct and attention in carrying out his or her responsibilities to the organization for which a court will judge conduct.

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

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

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

## 12 Weeks to a Better Board!

**Mission** ... read it, know it, understand it ... it is the purpose of your association!

**Strategic Plan** ... plan *ahead*, delegate to committees, set action steps, support the mission, manage resources. Without a plan, you have no “road map” of goals.

**Tools** ... request the documents you need to be a leader. Knowledge is power and there is plenty of information to help you be successful in your term.

**Finances** ... understand them, work with them, help raise \$\$—it’s part of your responsibility on the board.

**Risks** ... don’t assume authority, know what you should not do. You serve much like a “jury,” decisions belong to the whole and debate is limited to inside the meeting. Also know what risks exist, such as antitrust, public information, restraint of trade, member expulsion, *etc.*

**Structure & Systems** ... learn the protocol and structure; use your affiliations, allies, chapters—build on what you have. Collaboration is a key for successful organizations.

**Accountability** ... set and adhere to performance standards and measurable goals—don’t slip and slide on dates, goals, *etc.* Accountability is not a four-letter word.

**Celebrate** ... big and small achievements, tell the members, stroke the achievers, reward the staff!

**Govern** ... don’t administer, don’t micro-manage—govern!! Think in the future; let the staff take care of the administrative tasks.

**Interim Work** ... between Board meetings—use technology such as virtual meetings and conference calls between meetings; communicate so that the chair and staff know how your work is progressing; write and share reports before Board meetings.

**Micro-management** ... avoid supervision at all costs. It is demeaning to staff and limits leader effectiveness.

**Rules of Order** ... take time at the start to understand your organization’s rules of order, whether they be formal (Parliamentary Procedure), or informal. Motions, seconds and voting streamline the meeting. Also show respect for the chair of the meeting, as well as the agenda.

In summary, focus on a leadership concept each week and by your next quarterly Board meeting, you will be a better-prepared volunteer leader!

*Note:* Robert C. Harris, CAE, teaching association management and facilitate strategic planning. He can be contacted at 850/570-6000 or [bob@RCHCAE.com](mailto:bob@RCHCAE.com). His website offers free association management tools at [www.nonprofitcenter.com](http://www.nonprofitcenter.com).

# GENERAL BOARD GUIDELINES

## “The Board Governs, the Staff Manages”

**Governance:** Volunteer leaders are responsible for the direction and future of the organization. The board acts and thinks strategically, setting goals and strategies for the future with input from members, stakeholders and committees. The board continuously conducts an environmental scan. Leaders should avoid micromanagement of the organization, maintaining focus on mission, vision, values and goals.

**Management:** Paid staff is responsible for the administration of the organization. Staff act as partners to the board, advancing the goals and strategies, while taking care of the daily administrative needs unique to non-profit organizations.

### The Board - Staff Pledge

The board and staff works together to 1) *add value*, 2) *make a difference* and 3) *protect the organization*.

#### Board of Directors will...

- Prepare for and attend meetings.
- Govern strategically.
- Make knowledge-based decisions.
- Support the decisions of the board.
- Respect confidentiality.
- Not impede committees or staff.
- Respect diversity and new ideas.
- Avoid conflicts of interest and personal agendas.

- Promote membership, sponsorship and activities.

#### Management Staff will...

- Follow laws and governing documents.
- Apply excellence in carrying out responsibilities.
- Provide accurate, concise reports.
- Respond in a timely manner.
- Respect and assist volunteer leaders.

### Board Legal Duties

- *Duty of Care* requires leaders to use responsible care and good judgement in making their decisions on behalf of the interests of the whole organization.
- *Duty of Loyalty* requires leaders to be faithful to the organization, avoiding conflicts of interest.
- *Duty of Obedience* requires leaders to comply with the governing documents.

### Board Liability

State and federal governments have afforded certain protection to volunteer leaders. State law exempts board members of not-for-profit corporations from liability of actions taken or omissions made in the performance of their duties as a board member except for “willful acts or omissions”. Appropriate insurance has been acquired to protect the organization.

# GENERAL BOARD GUIDELINES

(Continued.)

## Board Responsibilities

- Determine the organization's mission and purpose.
- Select the chief paid executive, not the staff.
- Support the chief executive and assess performance periodically.
- Ensure effective organizational planning.
- Ensure adequate resources (funds, time, staff, technology, etc).
- Ensure effective use and management of resources.
- Monitor and strengthen programs and services.
- Promote the organization's image and know when to speak.
- Ensure legal and ethical integrity and maintain accountability.
- Recruit and orient new board members and assess board performance.

## Board Meeting Best-Practices

- Respect the chairman or chairwoman.
- Adhere to the agenda.
- Bring your calendar to meetings.
- Arrive on time.
- Read materials in advance.
- Listen more than you speak.
- Speak when you have an essential point to make.
- Respect the rules of order.
- Leave personal agendas at the door.
- Actions of the board belong to the board - support them publicly, don't bad-mouth any action or any person.

## Board Tools

The following documents are readily available to volunteer leaders for review and should to be treated with care and confidentiality.

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Bylaws</li><li>• Articles of Incorporation</li><li>• Strategic Plan</li><li>• Financial Statements</li><li>• Meeting Minutes</li><li>• Insurance Coverages</li></ul> | <ul style="list-style-type: none"><li>• Annual Audits &amp; Tax Returns</li><li>• Policy Manual</li><li>• Roster of Committees and Charges</li><li>• Membership Categories, Dues Structure, Benefits and Services</li><li>• Subsidiary Documents</li></ul> |
|--|--|

## **Ten Responsibilities of the Board**

The board can protect itself and govern the organization by understanding what is required of it:

**1. Determine the Organization's Mission and Purposes**

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

**2. Select the Chief Executive**

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

**3. Support the Chief Executive and Assess Performance**

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

**4. Ensure Effective Organizational Planning**

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

**5. Ensure Adequate Resources**

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

**6. Manage Resources Effectively**

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

**7. Determine, Monitor and Strengthen Programs and Services**

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

**8. Enhance the Organization's Public Image**

An organization's primary link to the community, including constituents, the public and the media, is the Board. Clearly articulating the organization's mission, accomplishments and goals to the public, as well as garnering support from important members of the community, are important elements of a comprehensive public relations strategy.

**9. Ensure Legal and Ethical Integrity and Maintain Accountability**

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

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

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

# # #

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

### Who's Responsible – The Board Or The Staff?

These are recommendations for who should be responsible for the various activities and decisions to be made.

<b>Area</b>	<b>Board</b>	<b>Staff</b>
Long-term goals (more than 1 year)	Approves	Recommends and provides input
Short-term goals (less than 1 year)	Monitors	Establishes and carries out
Day-to-day operations	No role	Makes all management decisions
Budget	Approves	Develops and recommends
Capital purchases	Approves	Prepares requests
Decisions on building, renovation, leasing, expansion	Makes decisions, assumes responsibility	Recommends (could also sign contracts if given authority)
Supply purchases	Establishes policy and budget for supplies	Purchases according to board policy and maintains an adequate audit trail
Major repairs	Approves	Obtains estimates and prepares recommendation
Minor repairs	No role	Authorizes repairs
Emergency repairs	Works with president	Notifies board chairperson and acts with concurrence from chair
Member Dues	Adopts policy	Proposes policy and implements
Billing, credit and collections	Adopts policy	Proposes policy and implements
Hiring of staff	No role	Approves all hiring
Firing of staff	No role	Makes final termination decisions
Staff grievances	No role	The grievances stop at the president
Personnel policies	No role	Develops and implements
Staff salaries	Allocate line items for salaries in the budget	Approves salaries with recommendation from supervisory staff
Staff evaluation	Evaluates only president	Evaluates other staff

## Strategic Planning — *Critical Questions at the Start*

At the onset of strategic planning, be sure to consider five essential questions before drafting goals. The resulting discussions will be beneficial for leadership understanding and buy-in.

### Considerations

- 1. Does it fit inside our mission?**

All activities and efforts should fit inside the mission statement to respect the founders and protect the organization's tax status. Is the mission statement distinct and contemporary? Be careful: treat it like the Constitution, opening it only rarely and wisely to refresh it. Many organizations add vision and value statements to clarify purpose.
- 2. Who is the primary customer?**

Often the association's secondary and tertiary members exhaust the resources from the primary members for whom the organization was created. Be sure the primary members are on the minds of leadership. Don't let new market segments, an abundance of supplier members, *etc.* distract.
- 3. What is the economic impact?**

The question is a *reality check* that should be asked often by the treasurer, or finance committee. There are plenty of worthy projects an organization can undertake, but resources are limited in the form of 1) staff, 2) committees, 3) volunteers and 4) funds. A plan without resources is simply an illusion.
- 4. Do we know our audiences?**

The strategic plan "positions" the organization. It is an indication to others about the strengths, or weakness of the association. How will 1) members, 2) prospects, 3) government, 4) consumers, 5) allied organizations, and the 6) media perceive your plan?
- 5. Does the organization have real value?**

Some organizations live in the '60s by offering benefits described as a newsletter, social meetings, and rental car discounts. They don't *add value* to the information they process. Ask the questions: Are we meeting the critical needs of members? Do we *add value* to what passes through our organization? Do members receive a return on investment (ROI)? Can benefits be honed and others dropped? What's our golden handcuff benefit?<sup>1</sup>

Note: Bob Harris, CAE, can be contacted for leadership orientation and strategic planning at 850/570-6000, or [bob@RCHCAE.com](mailto:bob@RCHCAE.com).

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<sup>1</sup> Golden Handcuff Benefit – A benefit so valuable that no member would drop out of the organization.

## **Volunteers: 12 Basic Needs**

1. A specific manageable task with a beginning and an end.
2. A task that matches the interest and reasons for volunteering.
3. A good reason for doing the task.
4. Written instructions.
5. A reasonable deadline for completing the task.
6. Freedom to complete the task when and where it is most convenient for the volunteer.
7. Everything necessary to complete the task without interruption.
8. Adequate training.
9. A safe, comfortable and friendly working environment.
10. Follow-up to see that the task is completed.
11. An opportunity to provide feedback when the task is finished.
12. Appreciation, recognition and rewards that match the reasons for volunteering.

## **Principles of Consensus**

### **Ideal Consensus:**

- Unanimity—the group is of one mind

### **Practical Consensus:**

- The minority is willing to go with the majority view because they recognize that the decision meets the needs of the majority and those to whom they are accountable

Practical Consensus exists when the following conditions have been met:

- All members of the group have been heard fully, frankly and respectfully
- All members have been honest in their views and feelings
- All views have been considered without prejudice
- All relevant information has been shared equally among the group

Practical Consensus exists when the following conditions have been met:

- The majority has made every possible effort to mitigate disadvantage to the minority
- Group members are willing to sacrifice their personal position for the sake of the whole group and those it is accountable to
- Members act as if the decision were their own