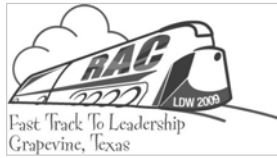


Fundamentals of Effective Board Service



RAC Leadership Development Workshop
June 17-19, 2009
Grapevine, Texas

Why Board Orientation?

- To share information about association leadership
- To share information about the organization
- To focus on the strategic direction, mission and goals of the organization
- To encourage questions and to explore opportunities for the organization
- To manage risk associated with leadership

Today's Agenda

- Welcome & Introductions
- Benchmarking Quiz and Overview
 - Review of materials
- Association Structure
- Board Roles & Activities
 - Legal Duties and Risks
 - Responsibilities
 - Relationships
 - Effective Board Service
 - Officers
 - Committees
 - Meetings
 - Risk Management

Today's Agenda

- Strategic Plan
- Volunteer Leaders
- Executive Director
- Communication
- Consensus & Knowledge Based Governance
- Success
- Q&A and Discussion

The Association Community



The Association Community

- There are 1.4 million non-profit organizations in the United States
 - The average number of directors on a board is 19
 - About 26 million persons serve on boards
 - Associations do a relatively poor job at training board members
 - Most board training tends to be "on the job"

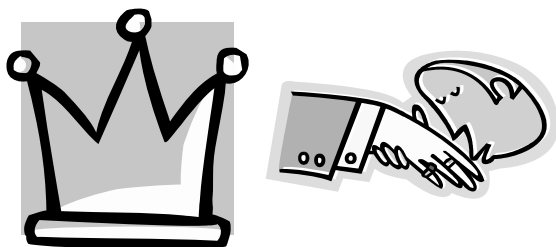
Association Structure



Typical Structure

- Articles of Incorporation
- The Bylaws
- Policies & Procedures
- Strategic Plan
- Business Plan / Budget for Current Year

What is leadership?



What is leadership?

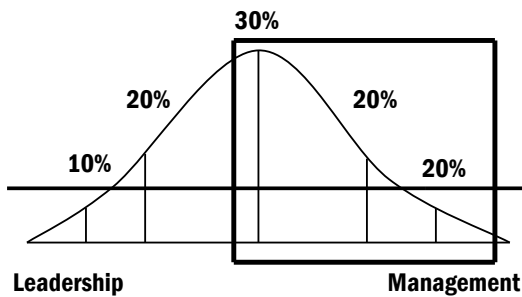


Leadership versus Management

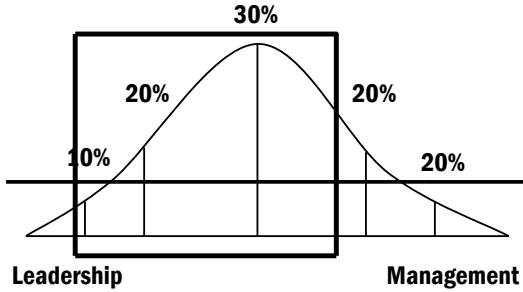
- **Management is doing things right**
 - Planning and budgeting
 - Order and control
 - Consistency and reliability
- **Leadership is doing the right things**
 - Vision and direction
 - Motivation and inspiration

Peter Drucker

Leadership AND Management

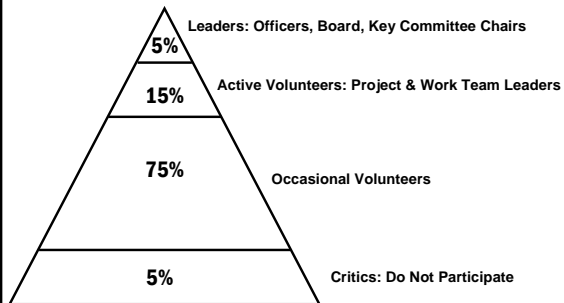


Leadership AND Management



***Effective leadership
“enables people to work
more effectively together in a
state of interdependence.”***
Peter Drucker

Volunteer Leadership



Effective Leadership *Behaviors*

- Integrity
- Courage
- Initiative
- Energy
- Optimism
- Perseverance
- Balance
- Ability to Handle Stress
- Self Awareness
- Situational Awareness

*It's hard to lead a cavalry charge
if you think you look funny on a
horse.*

Adlai Stevenson

Successful Leadership

- Self Awareness
 - What are my strengths and weaknesses?
 - What is my impact on situations?
 - How do I change this if it seems necessary?

Successful Leadership

- **Situational Awareness**
 - The group with which I work
 - The person or people to whom I am responsible
 - The organization(s) in which I work
 - The environment in which I operate
 - The marketplace
 - The 'legislative' framework
 - Available resources
 - Finances, knowledge, ideas, people

You do not lead by hitting people over the head- that's assault, not leadership.

Dwight D. Eisenhower

Tenets of Association Leadership

1. The members *want* to belong to your association
2. By far, the majority of people who will contribute to your success are volunteers
3. Management structures and styles based on how you run your business are not applicable to successfully leading a regional
4. The higher up you are in leadership, the less you have in common with your members

Tenets of Association Leadership

5. **It is OK to set the bar high**
 - As long as your standards are understandable, well communicated and directly related to the mission of the regional
6. **Trust members and staff to do the right thing**
7. **Let the members drive - build consensus at the member level**
8. **Promotional products suppliers and distributors will exist without your regional association**
 - Your role is remove, not create barriers to success
 - There are other choices - including doing nothing

Tenets of Association Leadership

9. **The more members agree with and feel connected to your regional, the stronger your association becomes**
 - Agreement and connected are driven from the bottom up (not top down)
10. **Accept, preserve, and forward the give of leadership:**
 - You have leadership authority because members grant it to you
 - Your role is to create and nurture new volunteers and leaders

I start with the premise that the function of leadership is to produce more leaders, not more followers.

Ralph Nader

Leaders don't create followers, they create more leaders.

Tom Peters

2006 Interview Subjects

- 16 regional presidents
- 3 immediate past presidents
- 2 past regional presidents
- 2 PPAI board chairs
- 5 Executive Directors

Primary Questions

- What do you know now that you wish you knew prior to serving?
 - Things that would have caused you to prepare differently
- What has been the biggest surprise during your term?
 - Things that you wouldn't have been able to prepare for even if you knew they were coming
- What one piece of advice would you give your regional's incoming president?
 - Assuming you like them and want them to succeed

Secondary Questions

- Does your regional association have an up-to-date strategic plan? Do you use it?
- What is your relationship with your executive director?
- How will you judge your success?
- Work background: type, size, position, style

Success Looked Like This

1. Inspired Leadership
2. Active Strategic Plan
3. Competent Executive Director
4. Engaged Board & Volunteers
5. Active, Two-Way Communication
6. Consistent Decision Making Process

Success *Did Not* Look Like This

- Lack of Defined Goals and Clarity
- Dictatorships
- Stale Leadership
- Annual President's Agenda
- Indecisiveness
- Apathy

Board Roles & Activities



Board Legal Duties

- 1. Duty of Care:** expectation that a board member exercises reasonable care when making decisions
 - Good business judgment at all times
 - Due diligence in decision making
- 2. Duty of Loyalty:** expectation that a board member remains faithful and loyal to the organization
 - avoiding conflicts of interest and personal agendas
- 3. Duty of Obedience:** expectation that a board member remains obedient to the central purposes of the organization and respects all laws and legal regulations
 - Faithful to mission and goals
 - Follow the governing documents

Risk - Precautions

- **Antitrust Avoidance**
 - Have an antitrust avoidance statement on file
 - Let legal counsel review activities, minutes
- **Apparent Authority**
 - Committees and volunteers may not usurp the authority of the chief elected volunteer
 - Policy to restrict stationery for staff and chief elected officer
- **IRS Issues**
 - Unrelated Business Income Tax (UBIT)
 - Public request for tax returns

Board Responsibilities

- 1. Determine and understand the organization's mission and purposes**
- 2. Select the CEO or ED**
- 3. Select and support the CEO/ED and assess his or her performance**
- 4. Ensure organizational planning and goal setting**

Board Responsibilities

- 5. Manage the organization's resources**
- 6. Determine, monitor and strengthen programs and services for members**
- 7. Promote the organization's image**

Board Responsibilities

- 8. Ensure legal and ethical integrity in the organization**
- 9. Help recruit new leaders**
- 10. Assess and measure organizational performance**

Board-Staff Relationship

- Board focuses on governance; being visionaries; strategically moving forward**
- Staff manages the day to day operations**
- Consider it a partnership, alliance, collaboration between board and staff to achieve the goals of the association**
- Avoid micromanagement**

Practical Steps for Effective Board Service

- Attend all board meetings
- Start and end the meeting on time
- Study and understand the mission statement, bylaws, policies and goals
- Prepare for meetings by reviewing the agenda and supporting documents
- Treat information and discussions as confidential

Practical Steps for Effective Board Service

- Promote the organization to others
- Recruit future leaders to help govern the organization
- Stay current on issues and trends impacting the organization and membership
- Get involved in committee work
- Make contributions and assist with fund raising

Board Officers

- **President:**
 - Chief elected officer of the organization
 - Presides over meetings or designates others
 - Interfaces with chief staff officer (ED)
 - Leads performance reviews of board and chief staff officer
 - Appoints committees in accordance with bylaws

Board Officers

- **Vice President:**
 - Serves in the absence of the president
 - Performs duties identified in the bylaws or assigned by the president

Board Officers

- **Secretary:**
 - Oversees the custody of all corporate records, except financial records
 - Monitors the accuracy and timely distribution of meeting minutes
 - Performs such duties as identified in the bylaws or assigned by the president
 - Often chairs the bylaws/ governance committee

Board Officers

- **Treasurer:**
 - Oversees all funds and financial records
 - Prepares an annual budget for approval
 - Keeps records of all income and expenses
 - Responsible for filings required by law associated with the finances
 - Performs duties assigned by the president or designated in the bylaws.

Board Officers

- **Past President:**
 - Adds continuity to the board, especially during transition
 - Assists the elected president as needed
 - Often chairs the nominating committee

Board Officers

- **Executive Committee:**
 - Conducts board business between board meetings
 - Authorized by bylaws and restricted by established policies and procedures
 - Allows important business to be conducted as issues arise with short notice

Financial Responsibilities

- The board should carefully review all financial reports
- The treasurer should prepare and propose an annual budget
- The treasurer, with staff assistance, will present a financial report for the previous period, at each meeting
- An annual audit should be performed by an independent accountant

Committees

- Most organizations utilize committees
- They help the board get work done
- They identify potential leaders
- They serve as a way to segment and serve the interests of subgroups of members

Committees

- **Standing:** found in the bylaws, ongoing
- **Ad Hoc & Task Forces:** appointed as needed and disbanded upon completion of a task
- **Work Groups, Councils, Special Interest Groups:** specific in nature

Board Meetings

- **Preparation:**
 - Notices and materials will be distributed well in advance of the meetings
 - Review the agenda to determine how you should prepare for the discussion
 - Prepare any written reports and provide to staff in advance of the meeting
 - Whenever possible, formulate and ask your questions *before* the meeting

Board Meetings

- **The Agenda**
 - The agenda is prepared with the input of the chief elected officer, staff with consideration of current issues, member needs and pending business
 - If you have input for the agenda, provide it to the chief elected officer or staff well in advance of the meeting

Board Meetings

- **Rules of Order**
 - Procedural rules are used to maintain order at meetings
 - All persons must be recognized by the chair before speaking
 - Time limits may be set on certain topics
 - Learn the basics of rules of order to be sure motions and procedures are understood to your benefit

Risk Management

- **There is risk associated with board service**
- **Insurance is one way to minimize risk**
- **Develop a risk-management strategy to protect the organization**
- **The Volunteer Immunity Act may not cover all risks associated with the organization**

Risk Management

- **Volunteer Immunity Act:**
 - Volunteer Protection Act passed in 1997
 - Adopted by most states
 - Indemnifies volunteers if they act on behalf of the organization with good judgment
 - Does not cover criminal activity, nor negligence
 - Does not prohibit lawsuits
 - Does not eliminate the need for insurance!

Risk Management

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Common Insurance Coverages

- **General Liability** – covers property damage
- **Directors and Officers Liability (D&O)** – covers the actions of the leadership, antitrust violations, wrongful hiring, etc
- **Meeting Cancellation** – covers canceled meetings and the loss of anticipated profits
- **Fidelity Bond** – covers employee theft

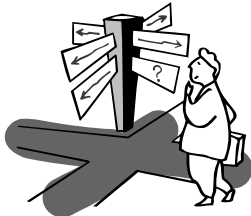
Risk Management Strategy

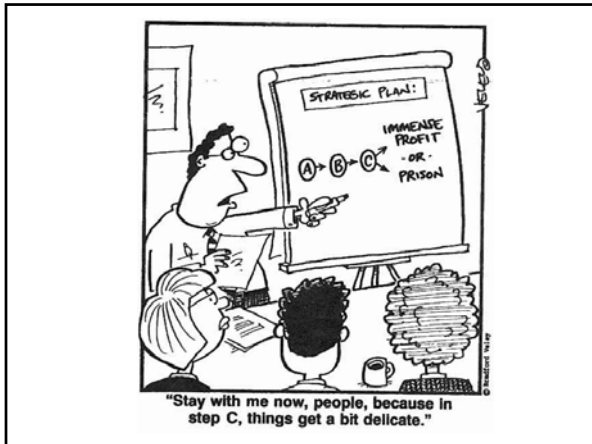
- Evaluate the activities of the organization that cause risk; for example:
 - Do you hold conferences in an area frequently targeted by hurricanes?
 - Do you serve liquor at meetings?
- Can you reduce the risks or insure against claims?

Risk Management Strategy

- Evaluate the risks
- Eliminate risks as much as possible
- Purchase insurance to minimize risks
- Constantly review the potential risks and work to minimize them

Why A Strategic Plan?





PPAI 1992/93 Strategic Plan

- Reflected a change in PPAI's governance from:
 - Board-managed to...
 - Member-driven, board-directed and staff-managed
- As a result, the chairman's program was replaced by a multiyear initiative: the strategic plan.
 - Covered six years
 - Two industry issues noticeably absent:
 - technology and Internet
 - foreign manufacturing

Why a Strategic Plan

- Organizations use a strategic plan as a road map for the leadership and staff
- A strategic plan should be updated annually or every other year
- The plan allows members and prospects to see the direction of the organization and better understand the ROI for joining

The Strategic Planning Process

- **Determine the value of creating or updating an existing plan**
- **Identify a facilitator experienced at strategic planning**
- **Include key stakeholders in the planning process in addition to board and staff**
- **Conduct a member survey to determine strengths, weaknesses, opportunities and threats**

The Strategic Planning Process

- **Set aside a day or two specifically for planning - use a retreat setting**
- **Draft the plan and circulate it for additional input from key stakeholders**
- **Formally adopt the plan and promote it as the future direction and services of the organization**
- **Promote and implement the finished product**

Strategic Goals

- **Limit the number of goals to 4 to 6 so that resources are not exhausted and success in achieving them is more likely**
- **Within the goals should be strategies as to how the goals will be achieved**
- **Within the goals and strategies should be tasks assigned to committees, volunteers, staff and outsourcers**

The PPAI Strategic Plan

- **Vision Statement:** To be the preeminent membership organization...
- **Mission Statement:** PPAI leads the industry by expanding...
- **Purpose Statement:** *To facilitate the increased use of promotional products and services to achieve buyers' objectives.*

**“We Serve Our Members Best
By Serving Our Industry First.”**

2008/09 Strategic Plan Goals

1. Establish industry membership structures that encompass diverse business models and embrace relationships with companies and individuals.
2. Provide education, products and services that enable industry practitioners to succeed in an evolving and competitive marketplace.
3. Strategically align the industry's nonprofit associations to assume a collective leadership role, ensuring choice and alternatives in the marketplace.
4. Increase industry sales by educating and motivating end buyers, educators and media on the value, benefits and applications of promotional products as a preferred medium.
5. Ensure an increasing level of financial and operational resources to advance the Association's strategic goals.
6. Position PPAI as the global leader and voice of Promotional Product safety and responsible manufacturing

S.M.A.R.T. Strategic Goals

- The plan is the roadmap for the organization and the goals are the routes on the roadmap that lead to destinations and desired outcomes
 - Specific (clearly communicated)
 - Measurable
 - Attainable
 - Relevant
 - Timely

S.M.A.R.T. Strategic Goals

- Goal statements should include an action verb (retain, recruit, etc)
- They should be simple, clear and understandable
- Goals include measurable quantities and timeframes
- Goals must be reasonable, manageable
- Goals focus on the end, not the means to the end

Strategic Plan

- The position of president and board member is larger and much more important than the people who occupy the seats
- Built from the outside in
- Your associations promise to the members
- Focus – success measurement
- Eliminates personal agendas

Specific – Measurable – Attainable – Relevant – Timely

Strategy only delivers promises. People and process deliver results.

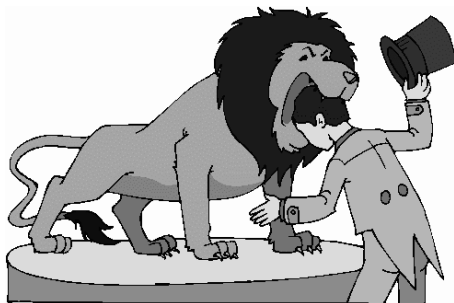
Deloitte Consulting

Volunteer Leaders

What We Envision



The Reality



Volunteer Recruitment

1. Know why your organization wants volunteers
2. Design valuable volunteer assignments
3. Develop and implement your recruitment plan

- *Do not wait for members to volunteer - YOU CHOOSE the best person for the job*
- *Recruit volunteers one-to-one*
 - *In person, on the phone, written communication*

Volunteer Recruitment

1. Prepare yourself to answer questions about what is involved and be specific.
2. Make jobs less demanding through task forces vs. standing committees. Ask members to commit short blocks of time.
3. Consider asking one person to tackle a task or issue rather than a group.
4. Take time to ask "How can we do it better?"

Rewarding Volunteers

1. Say "thank you" often, loudly and publicly
2. Say "thank you" right away. Don't wait for the annual dinner
3. Say "thank you" to bosses and spouses who have given up time with their volunteers

Create Job Descriptions

- **Your regional association should have written and updated job descriptions for each of your key leadership roles.**
- **The RAC website has job descriptions posted for RAC President, board and delegate positions.**

What do you do when a volunteer doesn't perform?



Volunteer Management

1. **Volunteers don't always work out. As the volunteer leader it is your responsibility to address the issue so others and the project don't suffer**
2. **Volunteer leader rather than staff should address the nonperformance**
3. **Yes, you may fire a volunteer**
4. **See #2**

What Do We Do With Past Leaders?

- Do you have a FORMAL plan for addressing the contributions and needs of past leaders?

1. Mentor and Trainer
2. Past Presidents Council
3. Former Board Member Group
4. New member welcoming committee

The Executive Director

The Conductor?





Or The Sound Engineer?

Success Looked Like This

1. Inspired Leadership
2. Active Strategic Plan
- 3. Competent Executive Director**
4. Engaged Board & Volunteers
5. Active, Two-Way Communication
6. Consistent Decision Making Process

Executive Director

1. Hiring and managing an executive director is one of the most important functions of the governing board
2. Key in the shared authority, responsibility and participatory governance between staff and volunteer leaders
3. Bridge the difference in association vs. business culture
4. Management values of staff executive must be understood and compatible with the culture of the association
5. Their tenure is likely to exceed the tenure of any current board member – future groups with different needs

Know Your Executive Director

1. Term
2. Full- or part-time
3. Shared or exclusive services
4. Reporting structure
5. Evaluation process
6. Up-to-date job description
7. Expectations

Professional Association Executive

1. To reduce professional conflicts of interest
2. To preserve objectivity
3. To eliminate 'identity crisis'
4. To conscientiously fulfill board responsibilities
5. To maintain appropriate board and member relationships.

Skills and Experiences

1. Not-for-profit tax issues & legal issues
2. Financial management
3. Generation of non-dues income
4. Long-range and strategic planning
5. Association organization and operations
6. Adult continuing education & program development
7. Governance and board structure
8. Member recruitment, retention and satisfaction
9. Marketing, communication and public relations
10. Meetings and expositions management

Performance Reviews

1. Quality of Work
2. Quantity of Work
3. Knowledge of Job
4. Communication
5. Initiative/Resourcefulness
6. Assertiveness/Motivation
7. Cooperation
8. Attendance
9. Planning/Organization

They Want WHAT From Me?

1. Don't sweat the small stuff. Most of it is small stuff.
2. Have passion and pride for the industry.
3. Be known for your integrity.
4. Focus on the WHY and WHAT of the strategic plan. Delegate the HOW.
5. Being a good writer is great. Being a good communicator is better.
6. Know what a good leader looks like. Choose only them for your committee chairs.
7. Be good at publicly and privately recognizing the work of your board, chairs and volunteers.

They Want WHAT From Me?

8. Know how to manage a meeting.
9. Have a confident manner of leadership.
10. Make people feel welcomed and valued (empathy).
11. Be accessible to all constituents.
12. Have realistic approaches to handling challenges.
13. Be a bit of a risk taker. Trust others.
14. Grow and nurture your directors and volunteer leaders.
15. Have a sense of humor (find one prior to taking office).
16. Have a thick skin—not personal unless you make it so.
17. Leave a legacy and be a great past president.

Communication



Communication Basics

- | | |
|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">• Executive Director• Board• Volunteer Leaders• Members | <ul style="list-style-type: none">• Who• What and Why• Where and How• When |
|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|

Communication Basics

- In the absence of clear communication, people will simply make up what they want to hear, what is most convenient or most exciting:
 - More is better than less
 - Communication is two ways
 - Set expectations and desired results
 - Firm and clear
 - Confirm understanding
 - Put it in writing (do not blind copy)
 - Follow up: praise and improvement

Decision Making:

Consensus

Knowledge-Based Governance



Building Consensus

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

- **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

- **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

***Good boards...
spend their time using
information, not collecting it.

Have information collected
before the discussion and
decision.***

Glenn Tecker
Building a Knowledge-Based Culture

In a Knowledge-Based Organization:

***Who* makes decisions
is not nearly as important as the
quality of information
on which decisions are made**

Decision Processes Have Changed

- More compressed
- More outcome-oriented
- More market directed

Knowledge-Based Governance

Four Steps:

1. Provision of sufficient information by the proposing party
2. Dialogue *before* deliberation
3. Deliberation
4. Policy Governance

Step 1: Information

Proposing party answers four questions, *relevant to desired decision*.

1. What is known about member/stakeholder needs and wants?
2. What is known about capacity and strategic position of the organization?
3. What is known about current realities and evolving dynamics of our industry?
4. What are ethical implications of these choices?

Step 2: Dialogue

- Board and senior staff talk together as equal partners
- Personal observations and perspectives shared
- Occurs with no expectations about shaping or changing the opinions of others
- Provides *only* perspective on why people believe as they do

Step 2: Dialogue

- Purposefully uses open dialogue to illuminate issue
- A process of inquiry is used to:
 - Understand the bases of opinions
 - Clarify choices
 - Examine advantages and disadvantages
 - Consider risks and consequences

Step 3: Deliberation

- Decision-making discussion
- Participants attempt to influence, advocate, and create consensus for a particular point of view
- Boards typically use this mode in their deliberations

Step 4: Decision

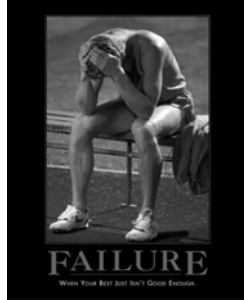
- Ensuing motion (if any) should be constructed to focus on the strategic level of *what* not *how*
 - Helps board articulate decisions in way that promotes distinction between:
 - Policy (what)
 - Management (how)

“Boards should not manage so much as provide a focus: to guide the long-term goals of the organization.”

John Carver

Boards that Make a Difference: A New Design for Leadership in Nonprofit and Public Organizations

How Will You Judge Your Success?



What will Success Look Like?

1. Did you work the plan and move it forward?
2. If you didn't have a plan, did you create a plan?
3. Did you develop a stronger, more productive staff/volunteer relationship ?
4. Did you nurture and develop future leaders?

What will Success Look Like?

5. Did you implement and use a consistent, knowledge-based decision making process?
6. Did you build consensus?
7. Did you make sure the associations policies, procedures and documents are in order?

Thank You For Serving

- The board experience should be a positive one
- The board is the caretaker of the organization
- The board speaks as a whole and no board member should have more input or authority than others
- Always ask questions as they arise
- Thank you for serving on the SPPA board!

***Thank you for your
incredible commitment!***

Paul Bellantone
PPAI
