FSAE Foundation

2002 Think Tank White Paper

Marriott Bay Point Resort
Panama City Beach, Florida
September 11-13, 2002

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INTRODUCTION

A. Think Tank Objectives

The general objective of the FSAE Foundation 2002 Think Tank was to provide Florida association executives with a forum to discuss and analyze the consequences of governance restructuring in associations.

Within this general objective were the following specific objectives:

1. Introduce the concept of consequence management to association executives and explore its application to association management.

2. Review the trends in association governance restructuring and analyze the implications of making changes in association governance functioning and processes.

3. Develop recommendations for associations to consider when implementing association governance redesign initiatives.

B. Background Reading Assignments

Participants in the 2002 Think Tank were requested to read two recently published articles addressing changes in association governance:

> "Rethinking Governance" by Mary M. Byers, CAE, <u>Association Management</u>, August 2001

C. Approach and Agenda

The general approach to the 2002 Think Tank was to:

1. Introduce the concept of consequence management and propose how it could apply to association management.

2. Review trends and developments in association governance.

3. Present two case studies of association governance restructuring. Participants were provided background information and the recommended governance changes, but not with the implementation process or results. In breakout sessions, participants discussed and analyzed the implications of the proposed changes and attempted to identify their implications and the actions suggested.

4. Teleconferences were then conducted with the chief staff executives of the two case study associations. Think Tank participants had the opportunity to learn how the change initiatives were implemented and to ask specific questions about the process and outcomes.

5. Think Tank participants then developed a set of recommendations for associations to consider when undertaking a governance restructuring initiative.

D. The White Paper

This White Paper has been developed to document the Think Tank deliberations and recommendations. In addition, it incorporates the information contained in the reading assignments, the lessons learned from the chief staff executives from the case study associations and the opinions and perspectives of the consultant who designed and facilitated the sessions.

CONSEQUENCE MANAGEMENT IN ASSOCIATION GOVERNANCE RESTRUCTURING

A. Consequence Management

"Consequence Management" comprises those essential services and activities required to manage and mitigate problems resulting from disasters.

The approach to managing consequences has its basis in disaster recovery as well as planning for anticipated catastrophes like Y2K and bio-terrorism. It is most commonly practiced by emergency services professionals.

Part reactionary and part anticipatory, consequence management has application to incidents and developments that associations encounter regularly – the situation doesn't have to be a "disaster" to qualify to utilize the approaches practiced in consequence management.

B. Trends and Developments in Association Governance

In recent years, there has been a significant increase in association initiatives to restructure and redesign their governance structures and processes. This trend is confirmed by the recent articles identified in the background reading assignments and an article published just prior to the Think Tank: "The Governance Gavotte…A Delicate Dance" by Linda Ridge in <u>Forum</u>, a publication of the Association Forum of Chicagoland.

The governance trends and developments reviewed by the Think Tank participants follow:

1. Time pressures are affecting the ability of associations to attract leaders; putting pressure on traditional committee functioning; and impacting the frequency and duration of board and committee meetings.

2. Traditional committees are being replaced with task forces or project teams. Project specific, "just-in-time" volunteer utilization systems are evolving.

3. There is an increased sensitivity to underrepresented membership segments.

4. There is a growing recognition that the "current model is too slow to deal with an increasingly complex, fast-paced environment" (ASAE Foundation Environmental Scan)

5. A few boards are changing from constituency-based directors to competency-based board composition.

6. Associations are increasingly using technology to enhance volunteer productivity and overcome time and distance barriers.

7. There is a trend to shorten the volunteer "career path" to the chief elected officer position.

8. Some associations are challenging conventional wisdom and generally accepted governance practices and traditions.

9. A few associations are adding outside or "public" directors to their boards.

ASSOCIATION GOVERNANCE RESTRUCTURING CASE STUDIES

Two association case studies were presented to the Think Tank participants. The information provided included background information and the recommended changes to the organization's governance, but not the implementation process or outcomes. The approach was to have the Think Tank participants think through the implementation of the proposed changes and to anticipate the implications of the changes as well as how to manage the process effectively. Then, through teleconferences with the chief staff executives, they could compare their analysis with what actually took place in the change process.

The first case study was the Indiana CPA Society (INCPAS), Indianapolis, Indiana, Gary Bolinger, CAE, President and CEO. The governance restructuring at INCPAS was initiated and implemented in 1998-1999.

The second case study was the American Animal Hospital Association (AAHA), Denver, Colorado, John Albers, Executive Director. The governance restructuring at AAHA was initiated in 1996.

A. Indiana Society of CPAs (INCPAS)

Background information: the Indiana Society of CPAs has 7,200 members in Indiana. It is governed by a 20-member Board of Directors, with 31 committees, 11 chapters, with a 12-member Educational Foundation Board of Trustees. The elected President of INCPAS initiates change by saying "This system and structure is not going to get the job done in the future."

Recommendations: 12-member Board of Directors, 5-6 committees, use "Project Teams" composed of staff and volunteers, form a "Leadership Cabinet" with 1.5% of the society's membership charged to identify important issues and trends in the profession, eliminate all chapters, govern Educational Foundation with 4 officers

B. American Animal Hospital Association (AAHA)

Background: The American Animal Hospital Association is a national association with 18,000 members. It is governed by 12-member Board of Directors elected through a regional system. There are 20 committees and 6 Regional Teams designed to be the link between members and the Denver headquarters. Each Regional Team had an Area Director and a 6-member team.

Committee functioning is resulting in "frustrated board, frustrated committee members and frustrated staff" and "wasted time and money." Surveys find that Regional Team concept is failing as a member communication system. The "sense that the model was not effective" led to a board mandated review.

Recommendations: Eliminate the Regional Team system and the 36 involved volunteer positions and sunset all but 4 committees. Establish the "Council of 100" comprised of thought leaders as a talent pool. Mobilize volunteers through "Project Teams" on an as needed basis drawing participants from the Council of 100. Select future board members based on competencies versus regionally based election.

C. Lessons Learned:

The following summarizes the key lessons learned in the change process from the perspectives of the chief staff executives involved:

American Animal Hospital Association

1. Eliminating unproductive, obsolete or superfluous committees eliminated frustrations encountered when the board did not approve their recommendations or proposals. It also resulted in significant financial savings to the association.

2. Folding former members of committees and regional teams in the AAHA Council of 100 was a mistake. They have yet to accept the new model while volunteers recruited to the Council who had not been previously involved work effectively in the new structure.

3. The Council of 100 members have been a considerable resource to the AAHA, particularly the staff. The Council needs further development to fully realize the original expectations of volunteer utilization and mobilization.

4. Replacing the geographically based board with a competency-based board took years to accomplish.

5. Re-writing the entire by-laws proved to be more efficient than attempting to amending them piecemeal.

6. A new Leadership Identification Committee has been instrumental in developing and strengthening the AAHA board.

Indiana CPA Society

1. "On-the ground, face-to-face" communications was essential to success. Meetings where held around the state to review and discuss the organizational changes.

2. Immediate development and delivery of alternatives to replace what was eliminated was effective. For example, locally delivered "Knowledge Networks" were instituted with the elimination of chapters.

3. Leadership and staff agreed that the changes would not be perfect, that mistakes would be made, but that adjustments would result in corrective action. All involved accepted this state of flux and maintained good lines of communication throughout the process.

4. Involved volunteers react emotionally when their committees or chapters are eliminated. It was a challenge to get them to look at the situation objectively and deal with the facts.

5. It is a lot of work.

ASSUMPTIONS & CONSEQUENCES

"Assumptions" are temporary estimates regarding important probable developments. They cannot be predicted with accuracy and the association has no significant control over them. They are not predictions, but they document the current thinking about anticipated conditions or developments in the future. Assumptions are central to sound planning and change management.

The Think Tank participants developed a set of assumptions regarding governance in the future. They are grouped into three areas: volunteer behavior and expectations; what associations will need from their governance; and future governance processes and structures.

A. Future Volunteer Behavior and Expectations

1. Volunteers will increasingly expect to be engaged in meaningful work and receive a return from their investment of time. They will not tolerate empty or pointless work or assignments that do not produce results. They will not, the words on one volunteer "spin their wheels for anyone." They will expect their efforts to be valued. And they will expect a positive volunteer experience.

2. Competition for the time of volunteers will continue to increase. Volunteerism competes with work demands; time with family and friends; and lifestyle pursuits. Volunteer assignments and the volunteer experience must be capable of competing against a growing list of alternative activities.

3. Recognition of volunteer contribution will continue to be important.

4. The pool of potential volunteers will be more diverse. This reflects the changes in the member market due to the growth of ethnic and cultural minorities in the population; the increased percentage of women in the professional and business environment; the trend to specializations in most fields and professions; and the consolidation/niche market structure developing in many industries.

5. Volunteers will require that their roles and responsibilities be accurately defined so that their efforts are appropriately focused and their time and energy used efficiently. In addition, they will expect that they have the specific information and support resources to accomplish their assignments.

6. There will be generally less interest in participation in governance with more member attention placed on return on investment.

7. The ranks of volunteers will age, raising the prospects of a disconnect with the younger, new member.

8. Volunteers will be less willing to bear the expense of participating on the association's board or committees.

B. Association Needs/Requirements of their Governance

1. Volunteers will be needed to provide associations with current professional or industry perspectives and insights to guide decision-making and direction. In addition, as industries and professions become increasing specialized and diverse, volunteers will be important in communicating input unique to their situation.

2. Volunteer grassroots activity in the political and legislative process will continue to be required for effective representation and advocacy.

3. Volunteers will continue to be essential to securing adequate financial support of the association and for success in the fundraising process.

4. Projects or initiatives that involve a high level of industry or professional expertise that the association staff does not possess will continue to require volunteer input and participation.

5. Volunteers, particularly directors and officers, will continue to lend credibility and influence to the association.

C. Governance Processes and Structure of the Future

1. Governance processes and structures will be less tied to the traditional model and will be increasingly flexible. There will be more emphasis on outcomes and the end product and less on the process.

2. There will be more importance placed on holding the association's governance accountable for its role in directing and overseeing the organization.

3. Responsibilities of the Chief Staff Executive and the association staff will increase as workload is shifted from volunteers.

D. Consequences for Governance Restructuring

1. The assumptions indicate decreasing tolerance for the current governance structures and processes that exist in many associations. Some associations will require adjustments, others comprehensive redesigns. The status quo appears to have little support.

2. Governance changes must address those volunteers comfortable with the existing structure and systems.

3. Volunteer leadership training will be required to clarify roles and to develop competencies required in the new structure.

4. The role of staff may require redefinition and staff skill sets may change. In particular, the role of the chief staff executive will likely increase.

5. Managing, supporting and coordinating volunteers will be more complex with a flexible approach to governance required.

THINK TANK ANALYSIS, CONCLUSIONS AND RECOMMENDATIONS

A. Analysis

1. The so-called "time-pressed volunteer" may be an accurate but not entirely complete assessment of the volunteer environment. Volunteers are living complex lives which results in decisions on how to spend their time from an increasing list of options. In spite of pressure on their time, volunteers still have 24 hours in a day. Associations must make volunteer opportunities competitive with the alternatives for their time.

2. Attitudes and opinions regarding governance issues are extremely diverse. These varying points of view are shaped by a variety of factors including organizational tradition, association size, and association executive management philosophies.

3. Associations with limited staffing have a unique governance challenge. In particular, they do not have the option of transferring work traditionally handled by volunteers to staff. The small association may have to consider streamlining activities for better focus, outsourcing and using technology for improved efficiency.

4. The relationship between the member-at-large and the association's governance resulted in some interesting Think Tank dialogue. It was proposed that there is a continuum of member engagement in an association' governance depicted in the table below:

Customer	Member	Involved Volunteer
Interest in specific association service, product or benefit only	Interest or stake in the association's mission or objectives	Commitment to furthering the association's mission or objectives

No interest in governance	Limited interest in governance	High level of interest in governance

B. Conclusions and Recommendations

1. A universal approach to association governance restructuring, a "one-size-fits-all" solution, is not viable. There are guiding principles that can be applied, but association circumstances vary significantly. Among those viable factors are: current governance systems; culture and tradition; need or motivation to change; size of the association; and management philosophies. In general, the effective system of the future will be "lean, efficient and flexible."

2. Guiding principles that should be considered by associations in their governance restructuring:

    a. The structure should be designed to execute known functions with the potential to accommodate new initiatives on an as-needed basis.

    b. Volunteers should be utilized for core governance functions of direction and oversight. In addition, the structure should be capable of mobilizing volunteers on specific projects where their knowledge, perspectives and insights are required.

    c. The structure should be aligned with the association's strategic plan and modified if the planning priorities change.

    d. A mechanism or "pool" should be considered to attract and engage leaders and future leaders in the industry or profession. These individuals represent potential resources the association can mobilize when needed.

3. There was consensus among Think Tank participants on the need for smaller, flexible governance structures and the increased concentration of the association's volunteer resource on critical activities and functions.

4. New, innovative alternatives to the traditional committee structure should be explored for the industry or professional input function. On-line surveys and special forums may be more effective in gathering this grassroots perspective.

5. The prospects for a successful structural change would likely be enhanced by a gradual transition from the status quo versus a quick, immediate change.

6. Comprehensive plans for the transition should be supported by a strong communication plan to reach all stakeholders involved in the change. Key proponents of the initiative must actively sell the advantages of the changes and the consequences of the status quo.

7. The change process must include ongoing checkpoints for adjustments and corrective action.

8. Volunteer development should be conducted in conjunction with the restructuring to assure that volunteer roles and competencies are aligned with the functioning of the new system. In addition, consideration should be given to establishing criteria to guide the selection of new directors.

C. Consultant's Comments

1. A consequence of governance restructuring is the diversion of attention, energy and resources from the association's fundamental mission and adding value to the member. While the result of the changes may enhance the organizations achievement of its mission and improve the value-added to membership, it is nonetheless a temporary distraction and there may be situations in the association's environment that would make a restructuring inadvisable.

2. Governance changes inevitably challenge an association's culture and traditions. Association leadership should never, ever, ever underestimate the power of tradition.

3. Changes in the structure are likely to disenfranchise long-term volunteers. However, if the association maintains an obsolete system

that accommodates the "old guard" it may be confronted with a disconnect with the volunteer of the future. Another downside is the prospect of alienating yesterday's volunteer, failing to attract tomorrow's volunteer and ending up empty-handed.

4. A structural change without the active support of the chief staff executive is not likely to be implemented. However, association executives must understand the stakes involved and the risk to their position in the association.

5. There appears to be six major areas of consequence in a governance restructuring: volunteer pushback, accountability adjustments, staff and volunteer alignment, opportunity cost, subsequent fine-tuning, and financial.

Respectfully submitted,

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