

# *2017 Board Orientation*



# Topics

- ▶ Purpose
- ▶ Mission, Vision
- ▶ Board-Staff Team
- ▶ Board Responsibilities
- ▶ Practical Board Tips
- ▶ The Officers
- ▶ Executive Committee
- ▶ Board Meetings
- ▶ Recruiting Leaders
- ▶ Committees
- ▶ Financial Issues
- ▶ Goal Setting
- ▶ Risk Management
- ▶ Insurance
- ▶ Office Operations

# Purpose of Board Orientation

- ▶ Share key information
- ▶ Focus on the strategic direction, mission and goals of the organization.
- ▶ Encourage questions and to explore opportunities for the organization.
- ▶ Manage risks associated with leadership.

# The Mission Statement

The McKinney Chamber of Commerce is a voluntary membership based organization serving McKinney and Collin County and exists to empower our members to achieve economic success.

# Our Values

- ▶ Business Growth in McKinney
- ▶ Communication
- ▶ Partnership Relationships
- ▶ Quality of Life
- ▶ Providing Resources
- ▶ Pro-Business Influence
- ▶ Celebration

# Organization and Structure

- ▶ The McKinney Chamber represents over 1,200 members with over 40,000 employees of every type and size of business.
- ▶ Without the time, talent and resources of our members, The Chamber could not be an effective organization.

# Organization and Structure

- ▶ The membership elects a **Board of Directors** to govern the Chamber and establish policy, direction and oversight. The Board is comprised of up to 17 elected Directors including the Chair and Immediate Past Chair. The elections are staggered so 5 Directors are elected annually.
- ▶ The Board annually elects a
  - ▶ Chairman-elect
  - ▶ Treasurer
  - ▶ Secretary

# Organization and Structure

- ▶ The **Chairman of the Board** is the chief elected officer. The Chairman presides at meetings of the Board and Executive Committee, appoints the chairs of all committees, and is an ex-officio member of all committees.
- ▶ The **Chairman-elect** assists and acts in the absence of the Chairman and is responsible for program development for the next year. The **Treasurer** is responsible for oversight of the Chamber's financial condition and reports to the Board monthly.



# Organization and Structure

- ▶ The Board employs a **President & CEO**, who serves as chief executive officer. The President is responsible for the management of the organization and works with the Board, committees and task forces to define and implement goals and objectives. The President is responsible for employing and managing a staff adequate to carry out the Chamber's programs and within the constraints of the budget.
- ▶ The **Executive Committee** consists of the Chairman of the Board, Chairman-elect, Treasurer, Immediate Past Chairman, and President. The Executive Committee is the “Chamber's Leadership Team” and assures implementation of the programs.

# Organization and Structure

- ▶ **Committees** are the work groups of the Chamber. Any member may volunteer to serve on any committee. Most chairpersons are appointed by the Chairman of the Board.
- ▶ Committees are responsible for the implementation of the Chamber's objectives and programs. They may study issues and make recommendations to the Board.
- ▶ Committees cannot determine policy, but they do influence the implementation of it.
- ▶ Committees meet as often as necessary to accomplish their objectives. As a matter of general practice, they meet at least monthly.

# The Governing Documents



# The Tools of Governance

- ▶ The Bylaws
- ▶ Articles of Incorporation
- ▶ Policies & Procedures
- ▶ Strategic Plan or Goals
- ▶ Budget for Current Year
- ▶ Position Statements or Platform

# Board Responsibilities

- ▶ Determine and understand the organization's mission and purpose.
- ▶ Select the chief executive officer (CEO).
- ▶ Support the CEO and assess his or her performance.
- ▶ Ensure organizational planning and goal setting.

# Board Responsibilities

- ▶ Manage the organization's resources.
- ▶ Provide input to strengthen programs and services for members.
- ▶ Promote the organization's image.
- ▶ Ensure legal and ethical integrity in the organization.
- ▶ Help recruit new leaders.
- ▶ Assess and measure organizational performance.

# Practical Steps for Board Service

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

# Practical Steps for Board Service

- ▶ Promote the organization to others.
- ▶ Stay current on issues and trends impacting the organization and the membership.
- ▶ Get involved in committee work.
- ▶ Make contributions and assist with fundraising.



# Practical Steps for Bd. Service

- ▶ Refrain from going around the CEO and making special requests of the staff.
- ▶ Readily communicate with the office for needed information and assistance.

# Goals and Budget

- ▶ Annually, the Board of Directors adopts a Program of Work. It sets goals and objectives within the scope of the Chamber's mission.
- ▶ The major **funding** sources for the Chamber are membership investments and program revenue. The Board adopts a **budget** governing how Chamber funds are to be expended. It is determined based on the Program of Work adopted, anticipated revenue and sound fiscal policy in the best interest of the Chamber as a whole.

# 2015 Board of Directors Strategic Planning Session

- ▶ 2016-2019 Strategic Priority Areas
  - ▶ Delivering Value to Members
  - ▶ Advance Community Excellence
  - ▶ Organizational Sustainability

# The Executive Committee

- ▶ Meets to conduct business between board meetings.
- ▶ Authorized by the bylaws and restricted by established policies and precedents.
- ▶ Allows important business to be conducted as issues arise with short notice and between board meetings.

# Role of the Chairman

- ▶ Serves as chief elected officer of the organization.
- ▶ Presides over all meetings or designates a person to do so.
- ▶ Interfaces with the chief staff officer (president).
- ▶ Leads performance reviews of chief staff officer.
- ▶ Appoints committees in accordance with bylaws.

# Role of the Chair Elect

- ▶ Serves in the absence of the president.
- ▶ Performs such duties as identified in the bylaws or assigned by the president.

# Role of the Treasurer

## ▶ **POSITION FUNCTION:**

- ▶ Oversight of the financial condition of the Chamber.

## ▶ **RESPONSIBILITIES:**

- ▶ Serves on the Executive Committee.
- ▶ Reviews financial statements prior to their presentation to the Board of Directors.
- ▶ Reviews the monthly statement of disbursements prior to the Board of Directors' acceptance.
- ▶ Chairs the Budget and Finance Committees.
- ▶ Insures that an annual audit is prepared by a Certified Public Accounting Firm.

## ▶ **ACCOUNTABILITY:**

- ▶ The Treasurer is directly accountable to the Board of Directors, and ultimately to the general membership.

# Role of the Past Chairman

- ▶ Adds continuity to the board, especially during transition.
- ▶ Assists the elected Chairman as needed.
- ▶ Chairs the past chairmen's council.



# Directors of the Board

## ▶ Financial

- ▶ To adopt an annual budget adequate to implement the Program of Work.
- ▶ To establish and implement a membership investment structure.
- ▶ To oversee long-range financial planning such that The Chamber has adequate resources to carry out its mission.
- ▶ To oversee the management of Chamber assets and liabilities and to authorize any sale of assets or assumption of loans, notes, etc.

# Directors of the Board

- ▶ Employment of a President
  - ▶ To hire a qualified individual as CEO of the Chamber.
- ▶ Leadership
  - ▶ Communicate Chamber policies and positions to members and others.
  - ▶ Alert staff and Board to issues of concern to members.
  - ▶ Promote actively and attend Chamber efforts.
  - ▶ Motivate members to support Chamber activities.

# Duties and Responsibilities

## ► *Duties of the Board of Directors*

The Board is the Chamber's policy-making body. It acts as a forum for the discussion of action on issues, policies and matters of concern to the organization. Its work includes hearing reports and acting on them; referring matters to committees for study and recommendation on action; approving the budget, setting membership investment rates and formulas; monitoring progress toward objectives; advising officers and staff; electing officers; and handling other general business of the corporation as necessary.

## ► *Your Responsibility as a Director*

As a director, you represent The Chamber as a whole, rather than a particular business category or interest group. While a balance is sought on the Board among types and sizes of business, each director is accountable to the entire Board and the membership. You have a responsibility to act in the best interests of McKinney.

As a director, you do not have individual authority to commit The Chamber unless a policy has been clearly established by the Board. You are expected to voice your opinion and share the input you've received from other members on matters considered by the Board. And you should vote, not as a representative of any certain interest, but in light of the best interests of the entire economic community. Once a policy is set, then a director should abide by the decision and be willing and able to defend it.

# Duties and Responsibilities

## ▶ *Relation of the Director to the Board*

A director is a partner with the other directors of the Board. You work together to improve the economic growth and prosperity and the quality-of-life of the community. You should accept election as a definite responsibility to the membership, the community and other directors. You should be scrupulous in your dissociation of all personal interest from The Chamber activities.

## ▶ *Your Position is a Position of Trust.*

Your attitude toward other Board members, if the team is to be unified in its efforts, should be one of tolerance for their viewpoints, conciliation for their differences and zeal for unifying diverse opinions into constructive policies based on a consensus (recognizing that unanimity is not always achievable). You should schedule your time in order to attend the maximum number of Board meetings and be prompt at all of them.

# Duties and Responsibilities

## ▶ *Relation of a Director to the Public*

A director needs to be ready and willing to defend and explain The Chamber policies and programs to members and to the public. However, you aren't expected to neglect your business to listen to every person with a suggestion or grievance. The Chairman of the Board as the Chamber's chief spokesperson or the President as the chief executive officer should be referred any media inquiries or particularly time-consuming ones. Certainly any criticisms should be brought to the attention of the entire Board and staff.

## ▶ *Relation of Director to Staff*

While the Board is the legislative and frequently the judicial arm of the Chamber, the administration is delegated to the staff. The Board employs a President who is responsible for the management of the organization, including hiring and directing staff to carry out The Chamber objectives. The Executive Committee has an obligation to evaluate the performance of the President and provide guidance and direction in the areas of strengths and weaknesses. The relation of a director is advisory as it relates to other members of the staff and criticisms or suggestions in terms of staff performance should be made to the President.

# Duties and Responsibilities

- ▶ Relations of Director to Committees

The path between directors and committees should be two-way. The Board delegates the implementation of objectives to committees and must insure they have adequate resources of time, talent and funds for these to be carried out. Committees need to keep the Board informed of their progress, as well as provide advice and recommendations relative to specific issues. A director has an overall responsibility to all committees, whether you serve on any of them or not. You should keep informed of their activities, promote and attend them when possible, help each committee to maintain its proper relationship to the overall objectives and operation of The Chamber and study and act on committee recommendations. Final authority should not be delegated to a committee, except as provided for in the Program of Action, budget, or by the Board.

- ▶ All committees engaged in activities involving policies or expenditures outside of the Program of Action or budget must seek prior Board approval.

# Financial Responsibilities

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

# Board Meetings

## ▶ The Preparation

- ▶ Notice and materials will be distributed at least 3 business days in advance of meetings.
- ▶ Review the agenda to determine how you should prepare for the discussions.
- ▶ 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, be sure to provide it to the President or Chief elected officer in advance of the meeting.

# Board Meetings

## ▶ Minutes

- ▶ Minutes are a legal record of the meetings.
- ▶ They are not a record of side conversations or a reminder document for leaders and staff.
- ▶ No audio recordings should be maintained once the minutes are approved.
- ▶ The minutes are to be approved at the next convened meeting of the board.

# Board Meetings

## ▶ **The 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.

# Recruiting Leaders

- ▶ A responsibility of board members is to identify future leaders.
- ▶ The nominating committee plays a key role, but so does every board member.
- ▶ Training programs encourage and help recruit leaders.
- ▶ Committees and chapters may be a source of future leaders.

# Committee Liaisons - Links

## (Board and/or Staff)

- ▶ Monitors and reports on progress.
- ▶ Conduit for information flow.
  - ▶ Liaison to the board of directors.
  - ▶ Link to the staff – resources.
- ▶ Overcomes problems and challenges of the committee.
- ▶ Advises on resources.
- ▶ Mentors future leaders.

# Summary: Best Committees



- ▶ **Clear Purpose**
- ▶ **Fit within the Mission Statement**
- ▶ **Advances the Board's Strategic Goals**
- ▶ **Meetings are Efficient**
- ▶ **Positive Outcomes**

# Measuring Performance

- ▶ “How do we compare?” is a common query of board and staff.
- ▶ There are numerous ways to measure performance.
- ▶ How does the organization measure performance?
- ▶ Consider these options.....

# Measuring Performance

- ▶ Compare the organization with the operating ratios (budgets) of similar organizations to measure income and costs.
- ▶ Survey members to determine satisfaction.
- ▶ Seek an outside performance review by a committee or professional experienced in conducting operating assessments.
- ▶ Use benchmarking tools through ACCE's Operations Survey.



# Risk Management

- ▶ There is risk associated with board service.
- ▶ Insurance is one way to minimize risks.
- ▶ Consider a Risk Management Strategy to protect the organization.
- ▶ The Volunteer Immunity Act may not cover all risks associated with the organization.

# Volunteer Immunity Laws

## Often Misunderstood

- ▶ Fed. Volunteer Protection Act passed in 1997.
- ▶ Adopted by most states.
- ▶ Indemnifies volunteers if they act of behalf of organization with good judgment.
- ▶ Does NOT cover any criminal activity, nor negligence.
- ▶ Does not prohibit lawsuits.
- ▶ Protects organization for up to the extent of the assets of the organization.
- ▶ **Does not eliminate the need for insurance!**

# Board Legal Considerations

## ▶ **Duty of Care**

- ▶ Good business judgment at all times.
- ▶ Due diligence in decision making.

## ▶ **Duty of Loyalty**

- ▶ Avoid conflicts of interest.

## ▶ **Duty of Obedience**

- ▶ Faithful to the mission and goals.
- ▶ Follow the governing documents.

# Risk - Special Precautions\*

## ▶ **Antitrust Avoidance**

- ▶ Have an antitrust avoidance statement on file.
- ▶ Let legal counsel review activities, minutes.

## ▶ **Apparent Authority**

- ▶ Committees may not usurp the authority of the chief elected volunteer.
- ▶ Policy to restrict stationery for staff and chief elected officer use only.

## ▶ **IRS Issues**

- ▶ Unrelated Business Income Tax
- ▶ Public request for tax returns.

# Office Operations

- ▶ **Hours of operation.**

8:30am – 5pm, Monday - Friday

- ▶ **Phones, addresses, website, etc.**

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[www.mckinneychamber.com](http://www.mckinneychamber.com)

[www.mckinneyonline.com](http://www.mckinneyonline.com)

- ▶ **The publications.**

Community Resource & Relocation Guide

McKinney Business 2 Business Guide

- ▶ **Meeting the staff and their roles.**

# Thank You for Serving!

- ▶ The board and committee experience should be a positive one.
- ▶ The board speaks as a whole, no board member should have more input or authority than others.
- ▶ Committees implement the Chamber's objectives.
- ▶ Always ask questions as they arise.
- ▶ **Thank you for serving!**