



Large Representative Assemblies Considerations in Remodeling

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This is a pivotal time for most professions as they are changing quickly and drastically. The associations and societies serving them need to be able to adapt and change just as quickly. The confluence of shifting demographics and rapidly evolving technology creates an environment of continuing churn for most professionals. In such an environment, organizations dependent on voluntary participation can either lead or lose influence and relevancy.

Organizations wanting to sustain their relevancy will need to adopt a governance structure that ensures:

- appropriate representation of the interests and needs of an increasingly diverse membership;
- confidence that the demographics of the leadership appropriately reflect the demographics of the membership;
- high levels of participation in decision-making;
- transparency and accountability;
- flexibility and adaptability;
- emphasis on substance over internal politics; and
- opportunities for participation at multiple levels of interest and capability.

Purposes of this “Background Paper”

This paper is not a “how to” guide for a governance study initiative that might be referred to as reforming, improving, remodeling, redesigning, reshaping, re-engineering or any other number of project titles.¹

It does not suggest a “best practice” because we have never seen a single solution that works the best everywhere all the time. Instead, we intend to enlighten and provoke informed consideration of four basic approaches to improving the effectiveness of such bodies that may represent the preferred solution for a given association.

This background paper is intended to promote thoughtful consideration of efforts to improve governance that include a large representative assembly (LRA).²

¹ This paper draws heavily on the Report of the Task Force on Governance and Engagement prepared for the American Veterinary Medical Association. Tecker International served as consultant to the Task Force. The content is also based on TI experience in working with a number of associations addressing issues of governance over the last ten years. Additionally, the content draws on research referenced in “The Will to Govern Well” authored by Tecker, Meyer, Crouch and Wintz and published by the American Society of Association Executives.

² The term Large Representative Assembly (LRA) will be used for convenience of reference in this text. It is a generic term meant to include units of governance that may have such titles as Council, Delegate Assembly, and House of Delegates etc. By “large” we refer to governance bodies greater than 50 people; however the term is best understood relative to the size of other governance units.

What are the basic choices to improve effectiveness?

Option 1: Abandon the LRA

Option 2: Change the Structure of the LRA

Option 3: Change the Purpose and Role of the LRA

Option 4: Change the Process of the LRA

The Financial and Time Investment in Large Representative Assemblies

Some interesting evidence can be gathered from looking at the bottom line both quantitatively and qualitatively. What resources are required for a Large Representative Assembly (or a variety of such bodies with other titles) to consider resolutions? What is the return on that investment?

For a **quantitative** look, review the LRA records over a given period of time like ten years. Count how many resolutions your LRA discussed. Most LRAs come together once or twice a year. What is the total average cost for LRA (including meeting expenses, travel, reference or advisory committees, leadership orientation and development, plus direct staff expenses? Divide the total cost over that period including direct and indirect expenses by the number of resolutions considered for a cost per resolution.

For a **qualitative** look, consider the proportion of resolutions that focused on issues of long term strategic issues of pervasive importance to the organization. In many associations, most association leaders queried – both member and staff – expressed the opinion that an inadequate number of substantive issues had been resolved commensurate with the large amount of resources consumed. While there tends to be general agreement that this is not a good use of finite resources, most association leaders queried only identified a *structural solution* to the dilemma. This theoretical option was quickly qualified by the expressed belief that abandonment of the institution of a LRA would likely not be politically feasible. Or, as one chairman of one professional membership organization observed: “The battle over abandonment would risk spilling more blood than the corporate body could survive.”

There is little argument over the need for better return on dues investment. In many associations, financial and human resources dedicated to an LRA are not efficiently utilized and the return on investment does not make good business sense. In surveys undertaken in associations addressing governance issues, members tend to agree that limited resources need to be used judiciously and strategically. This suggests that in some organizational cultures, the path to greater effectiveness and efficiency could be a well-crafted *process solution*; rather than the alternative of a failed attempt at structural change

Employing Effective Practices in Association Governance

Insightful evidence for the case for change can also be gleaned from a review of effective practices in association governance. Review of multiple association models and the elements essential for a successful organization are mostly lacking in the analyses of LRAs. The most glaring deficiency in the greatest number of mission-driven organizations' governance is divided authority for policy making between a governing board and an LRA.

In fact, some jurisdictions have codified, in law or regulation that only one body is allowed to govern the management of the organization. The major disadvantage of shared authority for policy-making in the eyes of public government is the absence of accountability where fiduciary responsibility is unclear. This poses major concerns since nonprofit law is increasingly interpreted as requiring only one body to have fiduciary duty – the board.

Additionally, from an operational perspective, there is concern that members of an LRA, by definition, may suffer from a structural conflict of interest. As delegates, is their loyalty and responsibility:

- a. to the group that sent them; or
- b. to the organization they are responsible for governing?

Many observers believe that this condition tilts too far toward the political dimension of voluntary membership organizations, and too far away from the legal duties of corporate governance. The argument has been made that there are politically based advantages of a large body meeting infrequently for relatively short periods of time to validate decisions - presented in the form of motions, resolutions, or recommendations – that have already been made elsewhere. The counter argument has been made that – in a world characterized by near constant change, near instant access to information, and near universal communications – any political advantage is outweighed by member frustration with productivity that fuels a distrust of leadership and low expectations for the organization.

The board of directors is the governing body of virtually every nonprofit organization, responsible for the ultimate direction and management of the affairs of the organization. The board is responsible for policymaking, while officers and employees are responsible for executing day-to-day management to implement board-made policy. Those in positions of responsibility and authority in the governance structure of a nonprofit, both volunteers who serve without compensation and employed staff, have a fiduciary duty to the organization including **duties of care, loyalty, and obedience**.

In a nonprofit organization, the board of directors, as a single body, has a fiduciary responsibility for the assets of the organization. The board may delegate authority to act on behalf of the nonprofit organization to others. But in these cases the board is still legally responsible for any actions taken by the entity or individual to which it delegates authority.

Modern non-profit management places all the responsibility for the management of the organization in the hands of the Board of Directors, and does not contemplate sharing power accountability with another entity, such as an LRA. Commonly accepted effective practice is to have one fiduciary entity clearly charged with responsibility to manage the business of the association. Commonly accepted effective practice in association management dictates that the fiduciary entity should be responsible for setting program, fiscal and advocacy policy as well.

The Conflict Of Interest Issue

A professional association is not a federation. In a federation, delegates represent their constituent organizations and not the membership or association as a whole. The federation model presents a problem for professional organizations in that it can place power in the hands of organizations or individuals that do not have a superseding legal duty to represent the best interests of the organization they are governing.

What does this mean? The leaders of a professional association need to be **representatives FOR** the profession not a **representative OF** a specific faction, constituency group or component.

In other words, a conflict may exist when an officer or director participates in the deliberation and resolution of an issue important to the nonprofit while the individual, at the same time, has other professional, business or volunteer responsibilities outside of the nonprofit that could predispose or bias the individual one way or another regarding the issue.

Writings by both the Canadian and American Societies of Association Executives support the proposition that a conflict of interest may arise when a leader has some other interest that might suggest divided loyalty on the part of the leader between obligations to the association on one hand, and to some other organization or cause, on the other.

While it is appropriate for the delegates to have an understanding of the interests of the constituent group that appointed them, delegates may find it difficult to represent and vote for the best interests of the enterprise when it's in conflict with the best interest of the unit they were selected to represent. It is crucial for voluntary participation organizations to get input from other constituent groups, but this input is best taken as advisory and structured in a manner that does not pose these conflicts in decisions that commit the nonprofit corporation to a course of action or prevent the organization from pursuing a course of action.

Form Follows Function and Function Follows Desired Outcomes

When the role, process and capacity of a unit of governance are not aligned, ineffectiveness, inefficiency and frustration will result.

- **Role** refers to the authority that the unit enjoys or the degree to which it can commit the association and the nature of the commitment it can direct.
- **Process** refers to the methods the unit uses to accomplish the work required to execute its role.
- **Capacity** refers to the resources available to the unit including size, time, frequency of meeting, information assets, budget, etc.

It's not always structure that inhibits a professional organization's nimbleness and ability to respond to emerging trends or needs of the membership. It's also the formal and informal systems used to get the work done. The processes employed by most LRAs frequently require a sprawling support system of branches, sections, committees and task forces. When these units also suffer from poor alignment of role, process and capacity, they too will be dysfunctional.

The role an LRA is asked to play will determine the process best suited for execution of that role. The systems for work will be dependent upon requirements of the process. The governance system does not just impact resources; it also impacts the ability to be effective in addressing membership needs and public policy. Large decision bodies are not constituted to effectively respond to emerging opportunities. Broadly representative and therefore large in size, governance bodies often result in decision-making time that is too long, expenditures of time and money that are too great, and frustration in volunteer leaders that could be avoided. When role, process and capacity are not aligned, ineffectiveness will almost always be the result.

When one of an association's major business lines is advocacy, a misalignment in strategy and policy authorities can be especially dysfunctional. When the decision-making process is slowly moving, advocates cannot effectively lobby for a profession. While front line advocates wait for a clear, actionable and unified decision, the association will be losing traction on the legislative front. In the worst case scenario, over time an association repeatedly demonstrating this condition to public, corporate policy makers and its own members will make itself obsolete as a professional association.

In the 19th century, LRAs had a monopoly as vehicles for bringing large groups of people together for deliberation and decision. Today, members are asking how their governance process is effectively using technology to more fully engage membership and decrease resource drain. Association members today want to be involved in making the decisions, not just to be affected by those decisions. Governance and its operations can be greatly enhanced when technology is used to enable an association to be more open, transparent, accessible, and knowledgeable. Technology can also reduce costs by making participation, voting, deciding, and interacting possible without the high costs associated with travel. At the least, it can improve confidence in the decisions made by providing deeper, richer and more accurate information from constituents to decision-making bodies.

Membership engagement is also effected by the functionality of large bodies in the governance process. Paradoxically, a device intended to achieve broad participation, if poorly functioning, will have a disastrous impact on the interest of members to engage with the organization. Additionally, a device intended to promote access to diverse opinion, if paralyzed by poor process, can contribute to the organization becoming increasingly segregated into professional activities, demographic cohorts, and geographical areas. This segregation perpetuates division in the association and undermines unity.

Counterproductive Practices

There are some practices that can exacerbate the consequences of these undesirable dynamics. For example, **proportional voting** concentrates power into a few organizations. This lends itself to political horse trading and backroom deals that disenfranchise members and lead to decisions that may not be in the best interests of the membership.

Another example counterproductive practice is **directed votes**. In some organizations, many delegates are "directed" by their constituent organization on how to vote on an issue. This flies in the face of the concept of open dialogue, informed deliberation and innovative thinking by an LRA. For example, a delegate may be directed to oppose an issue, but in the course of discussion in a reference committee or on the floor of the LRA, certain facts are brought forth that make it clear that the delegate's organization did not have adequate information in making its decision. To take it one step further, if delegates are "directed" on how to vote, then why bother sending those delegates to a "meeting of the minds"? Just e-mailing in votes would accomplish the same purpose without the attendant cost.

A third example of poor practice is **inconsistent voting and terms**. When members of an LRA are not elected or appointed using a consistent means or criteria by their constituent organizations, have different term lengths, and/or do not have consistent term limits, it creates inconsistent expectations. This makes it difficult for members to have any expectations of the LRA because the delegate is accountable to their appointing organization and not the membership of the association. The normal mix of institutional memory and fresh thinking achieved thru staggered term limits is not available to the body. As the reputation of the body as a dynamic experience deteriorates fewer and fewer new minds desire to participate and positions remain uncontested, devolve into a sinecure for the incumbent or are populated on the basis of who is willing to serve rather than who should.

Effects on the Volunteer Talent Pool

The political process of selection for volunteers to populate an LRA can eliminate many qualified candidates from participating and disenfranchise potential leaders. Without a consistent and transparent process for cultivating and recruiting volunteers, selection for the LRA is based on availability or is used as reward for organizational loyalty over time. If the LRA earns reputation for cumbersome process, insignificant agenda items, and little influence on the association's actual behavior or its relevant environment there is little probability that the best, the brightest and the most influential minds will be attracted to participate. The reputation for ineffectiveness in a visible body like an LRA can spread like a contagion to the overall reputation of the entire enterprise. This places at risk the ability of the organization to attract the best, brightest and most influential in the field to membership. Thus, completing a cycle of decline as the pool of potential leadership continues to deteriorate.

There are many paths that may lead to leadership positions. An effective association will refine those paths in order to make sure it can recruit leaders based on skills, perspectives, expertise and experience. The objective is to ensure the appropriate balance and expertise in leadership. Effective associations implement an approach that vets criteria in the following order:

1. intellectual, emotional and behavioral skills
2. desired expertise and perspective
3. constituency representation

If either of the first two criteria sets are unavailable in any constituency that deserves representation, than the organization likely has membership problem exacerbated by the reputation for ineffectiveness of the governance unit unable to attract human talent.

The Need for Access to Varied Perspectives and Opinions

A number of LRAs were instituted in order to ensure access to the various perspectives and interests present within a population being served. In the 19th century LRAs were an effective way to provide that insight to decision makers. Today, however, there are other alternatives also available to achieving access to experience, opinions and preferences. Effective boards use adaptations of market and market research to ensure understanding of the circumstances and needs and expectations of the populations served by the organization they govern. More recently, associations have implemented methods for monitoring the conversations and behaviors of key stakeholder groups both within and beyond their interactions with the organization and its offerings. Sizable growth in an association's membership cannot realistically be accompanied by unlimited additions of seats on face-to-face decision making bodies without sacrificing effectiveness and efficiency and dramatically increasing cost. The "representative governance model" employed by most mission driven

professional membership organizations, when well executed, provides a governance philosophy intended to balance and navigate the political and corporate dimensions of association governance.

The Need for Checks and Balances

A number of LRAs were intended to provide for “checks and balances.” The objective was to prevent too much or absolute power from residing in any one decision-making body. The concept is how public government in North America is often constructed. However, an association is not, nor should it try to be, the government. Checks and balances have the desired effect of ensuring that government does not move too quickly. For most associations in the 21st century, the disadvantages of an overabundance of caution, founded on a concern about the loss of individual freedom, is not consistent with the purpose or culture of mission driven enterprises like an association. The necessity for nimbleness in a volatile environment, along with the ability of individuals to choose to participate or not, tend to outweigh any advantages of a unit of governance designed to prevent bad things from happening rather than to make good things occur. A governance structure that requires authorization or approval from an LRA that meets infrequently, frequently experiences an inability to move at the necessary speed.

Summary

The thinking reflected in this “backgrounder” has been informed by effective practices in association governance and how numerous associations have incorporated this thinking into their own governance structures, processes and cultures. All report that there were points of pain and discomfort that needed to be overcome to ensure that decision and work processes were focused on the future. Not everyone chose to stay and some discontent among those that do must be expected and accepted.

Efforts to improve the operation of large representative assemblies have been called governance reform, governance remodeling, governance redesign and/or governance reengineering. Regardless of the label given the initiative, six basic “specifications” for appear to be common commitments among those associations that have successfully improved their decision and work systems. They involve creating governance that:

- Is responsive to membership needs
- Provides value on investment
- Serves members and profession efficiently and effectively
- Is nimble enough to meet future governance challenges,
- Provides volunteer opportunities that are rewarding and satisfying, and
- Is respected by members and other stakeholders.

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