

Captions

The Official Newsletter of the Conference Action Group



CONFERENCE ACTION
Shaping Events



E-Newsletter – Edition 6: March 2008

INTRODUCTION

Welcome again to Captions the newsletter of the Conference Action Group. I hope you had a good Easter break.

Like all small businesses as we grow we need to resource our growth to meet the requirements of clients and to ensure a consistently high quality of service. To that end Conference Action has made some exciting staff changes and additions as we position ourselves as market leaders in the provision of value-add services to not-for-profit associations and communities:

New General Manager
for the Australian
Professional Centre:
Patricia Chan



Patricia Chan has recently joined us from her position as General Manager (NSW) for Expo Hire as the new General Manager of the APC. Patricia brings with her a wealth of experience gained from a variety of industries and we welcome her aboard as the APC continues to grow its offering of secretariat services to the market.

Patricia holds a Bachelor of Commerce degree majoring in Accounting and Information systems from the University of New South Wales and an MBA from Macquarie University having done her majors in Corporate Strategy and International Marketing.

General Manager
Conferences:
Emma Waygood



Emma Waygood, who has been with Conference Action for close to thirteen years has been promoted to General Manager of the conference division. Emma's experience and eye for detail are legendary within the industry and her elevation to this role is well deserved and probably long overdue!! Emma will continue to look after a few key accounts whilst migrating into her new position.

New Event Managers:
Aurelie Favennec and Jim Simpson have joined Conference Action as event managers in the past two months to ensure we are fully staffed for our increased 2008 & 2009 event portfolio. We are sure these two people will be great additions to the team and will continue to enhance the reputation of our event management division.

The newsletter includes some interesting articles concerning the activities of Board Members and the presentation of financial information to the Board and we hope you find these of interest as you relax over Easter!!

I hope you enjoy this issue of Captions.
Kind regards,

Francis Child
Managing Director,
francis@conferenceaction.com.au

INFORMATION

BOARD MEMBERS STEPPING OVER THE LINE

"How do you successfully deal with board members stepping in and dealing directly with organization operational staff and disputing the decisions of senior managers?"

Steven Bowman, LifeMastery (Aust) Pty Ltd
Author of *Conscious Leadership-the key to success*, and *Leading Yourself to Money with Consciousness*

Have you ever had the situation where Board members have tried to directly instruct staff, or have questioned senior management decisions outside of the Board meeting, or have taken partial control of staff functions? Have you viewed this as appropriate and advantageous to the organisation, or disruptive, annoying and interfering? Or both, depending on the situation?

We come across this quite often when we are working with Boards and senior executives. We have had late night telephone calls from Directors regarding their concern about management techniques, asking advice about what the Director should do if management isn't doing what the Director expects. We have had emergency meetings with CEOs when they are ready to resign because a Board member has been "interfering". We have seen numerous emails where senior executives complain bitterly about the Board becoming involved in "operational" matters. We have talked with many Boards about their concern that management is not managing. And the list goes on.

These situations are not always a clear case of inappropriate interference by the Board or Board members. On the one hand, Directors have the right to have access to everything that goes on in the organisation (with some exceptions mainly related to privacy laws), as in the end, the Director is ultimately responsible. It is also appropriate, prudent, and necessary that a Board member take an interest in the operations and management of the organisation, and that they have conversations with staff and ask questions outside of Board meetings. On the other hand, the Board members are not staff, and have not been retained to develop operational implementation of strategy. Board members seldom have the specific skill sets required to implement the operational strategies, which is why skilled staff have been hired.

So, what can be done to intertwine the Directors' need for knowledge and accountability, and the executive leadership and staff need for operational autonomy to do the job they were hired for?

The most common causes for these types of situations revolve around Directors and staff who do not understand the rights and responsibilities of Directors. Directors have no specific rights as individuals, other than to receive all Board information, attend all Board meetings, and have access to past Board papers for up to seven years after they have left the Board. They have no individual power to tell staff what to do, including the CEO. The power comes from the collective nature of the Board as a whole, not individual Directors. The Board can direct, but individual Directors can not.

We have also been involved in situations where staff were using the well-tried strategy of "That's operational, nothing to do with the Board, stay out of it". This is used sometimes to ensure that Directors are not asking embarrassing questions, or are not getting too involved in what is seen as the domain of the executive leadership

Here are some strategies that will be useful in achieving a balance of Directors rights to know and their accountability, and staff rights to get on with the job and be held accountable for performance.

1. Have a Board charter that specifies these relationships. The best Board charters include sections such as Purpose of Charter, Purpose of Board, Roles and Responsibilities of Directors, Membership and term of Board, Relationship of Board and CEO, Board culture and Reporting Requirements. Ensure that all Board members and staff have a copy.
2. Have a Standards of Conduct document for Board members that specifies their personal standards as Directors. This forms the basis for any discussion to be had regarding an individual Directors behaviour.
3. Ensure that the strategic plan is the filter behind the Board decisions, and that Directors use the strategic plan as their main guidance for decisions and conduct at and between Board meetings. Make sure staff work in this manner, and any approach by a Director to a staff member is in context of the strategic plan (this assumes you have one).
4. Conduct Board evaluations, where Directors rate themselves, the Board and their fellow Directors, and this helps hugely in identifying

rogue directors, and can provide peer advice to that director.

5. Develop in-camera sessions of the Board, where the Board meet without any staff, and these types of issues can be discussed without staff present. In this case, the chair should raise this as an issue and reiterate the role of the Director

6. Instruct all staff that if a Director approaches them, that the staff member report to the CEO or senior executive that this has occurred, and that the staff member instruct the Director that they will pass the request on to the CEO.

7. Directors have the right to conduct independent investigations and seek knowledge outside of the Board room, but they have no right to instruct staff in any manner. Remind the Board member of this. The internal audit or compliance committee may be useful for this.

For more information contact Steven Bowman on 03 5909 5929 or 0438 325 782, or bowman@lifemastery.com.au. Go to www.lifemastery.com.au for further resources on Board development, strategic planning, risk management, and conscious leadership.

See also the conscious chief executives website <http://www.consciouschiefexecutives.com/index.html>.

THOUGHTS ON SIMPLY PRESENTING FINANCES TO THE BOARD OF DIRECTORS

By John Peacock, Associations Forum Pty Ltd and NFP Analysts

1. Paid staff of not-for-profit organisations are responsible for presenting accurate and timely financial reports to the Board.
2. The preparation of budgets is also a task for paid staff. If a budget is not prepared before the beginning of the financial year, it is the responsibility of staff. If a prepared budget has not been approved by the Board by the beginning of the financial year, discuss ceasing all payments, including staff salaries, to alert the Board to the seriousness of the situation.
3. Paid staff should present the finances to the Board. Paid staff should have either prepared the finances or overseen their preparation, so they should also present them to the Board.
4. The Board position of "Treasurer" is less relevant when a not-for-profit organisation has paid staff: see Keith Roberts of NFP Analysts' article on this in Associations Forum News Edition 13, July 2007
5. Consider an "Audit & Risk Committee" rather than having a Treasurer.
6. Do not assume that Board Directors have a good grasp of finances. There will rarely be complaints if paid staff always present the same brief and simple outline of the reports to be presented and how they interconnect.
7. Present three financial reports to the Board:
 - Balance Sheet (Statement of Financial Position)
 - Profit & Loss Statement (Statement of Financial Performance; also called Income & Expenditure Statement)
 - Profit & Loss by Job Statement
8. If "Activity Based Costing" is used properly, the three reports will always have one figure exactly the same: the profit (sometimes called surplus) or loss (sometimes called deficit). This is a quick way of confirming that all transactions have been allocated to a "job" or activity
9. Cash Flow reports are arguably less important in a financially strong not-for-profit organisation. However, they are very important for associations or charities that are in financial difficulties
10. Most people understand the terms "assets" and "liabilities", but do not understand "equity". Equity can be explained as the being the previous accumulated profits or losses added up, plus this financial year's profit or loss so far
11. Explain the concept of accrual accounting, as opposed to cash accounting, as looking at each transaction based on when it will make a financial impact (accrual), not simply based on when it is received or paid out (cash accounting)
12. Other than for the tiniest not-for-profit organisations, use a computer accounting package such as MYOB or QuickBooks
13. If you are using MYOB or QuickBooks correctly, printouts from these should be all that is required for presentation of the finances noted above to the Board. However, the use of an extra Excel spreadsheet will be required for stating (in

- writing) the forecast year end figures, which are crucial
14. At least once per year, give the Board a list of the key amounts from the Balance Sheet for the last 10 years. This "big picture" report will use figures from the Profit & Loss (Income; Expenditure; Profit or Loss) plus figures from the Balance Sheet (Assets, Liabilities, Equity). Importantly, for each year considered the Equity component should include Retained Earnings (accumulated worth from previous years) plus Current Year Profit (or Loss) to add up to Equity. This report can be extended to include the current year budget figure, plus future projections
 15. Whilst the Board may not need to know this fact, ensure that the MYOB or QuickBooks Balance Sheet for a particular year equals the Audited figures
 16. When presenting the financial situation, always start with the Balance Sheet and treat it as the "index to all other reports"
 17. There will (hopefully) not be many items in the Balance Sheet to arouse the concern of the Board of Directors. By keeping the Balance Sheet "clean" by resolving any ongoing peculiarities and minimising Balance Sheet accounts, the Board will usually move on to consider the current financial performance in the Profit & Loss statement
 18. The Profit & Loss Statement lists the total for types of income less the types of expenditure that have resulted in the current year's financial result so far.
 19. The Profit & Loss by Job Statement lists the profit or loss for each job (or group of jobs) undertaken by the association
 20. When these reports are both used correctly, the Chart of Accounts (listing Profit & Loss statement accounts) should not include job items such as "2008 Conference" as this is a job or activity – not a type of income or expense
 21. No report should be larger than one A4 page in size, in clearly legible font, or you are presenting too much information and complicating the picture for the Board and making it harder to explain to them
 22. Graphs or charts should not normally be required, but if they are deemed necessary, they should be in addition to the three main reports described, and not instead of these reports.

23. The Board should discuss variances between budget and actual figures.

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John Peacock is General Manager of NFP Analysts Pty Ltd, which provides information, training & advice to management and boards of not-for-profit organisations. John can be contacted on 02 9413 9999 or jpeacock@nfp.net.au The website for NFP Analysts is <http://www.nfp.net.au> and for Association Forum is <http://www.associations.net.au>.*

NEWS FROM CONFERENCE ACTION & THE APC

Conferences currently organised by Conference Action

Access more details at <http://www.conferenceaction.com.au/>

*Quest ANZ
Sydney: 12 – 14 MAR 2008*

*AVETRA
(Australian Vocational Education and Training Research Association)
Adelaide: 3 - 4 APR 2008*

*Pricing Masterclasses
Auckland, Melbourne, Sydney, Perth, Singapore: 7 APR – 20 MAY 2008*

*Anxiety Disorders Association 2008 Conference
Coogee: 15 - 17 MAY 2008*

*IPAA NSW
(Institute of Public Administration Australia)
Sydney: 18 – 20 JUNE 2008*

*Stroke Society of Australasia 2008 ASM
Sydney: 13 - 15 AUG 2008*

*Recruitment & Consultant Services Association 2008 Conference
Christchurch, New Zealand: 27 - 29 August 2008*

*Australian & New Zealand Society for Geriatric Medicine
Melbourne: 8 - 10 SEP 2008*

*EABS III - Eastern Australasian Basins Symposium
Sydney: 14 - 17 SEP 2008*

*Society of Plastic Surgeons
Gold Coast: 2 – 5 OCT 2008*

Quest Asia

Kuala Lumpur: 22 – 24 OCT 2008

ANZAOMS

(Australian & New Zealand Association of Oral
& Maxillofacial Surgeons)

Christchurch, NZ: 28 – 31 OCT 2008

Information Online 2009

Sydney: 20 – 22 JAN 2009

Ultrasound in Emergency Medicine

Sydney: 4 – 6 SEPT 2009

Geriatric Medicine

Fremantle: 7 – 9 SEPT 2009

Stroke Society

Cairns: 7 – 10 SEPT 2009

YOUR CONTRIBUTIONS

If you have any suggestions on the content of this newsletter, would like to make a contribution or would like find out about advertising opportunities, please contact Isabelle on Tel. 02 9431 8600 or email isabelle@apcaust.com.au.

CONTACT DETAILS

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