

# Governance Structure

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## **What is a professional practice statement?**

This Professional Practice Statement, developed by the Association Forum, is provided as a management tool for associations and individual association professionals, developed by experts in the industry, and recommended as a means to achieve excellence in managing associations and other not-for-profit organizations.

## **Background**

Association governance is the developmental and operational oversight function that "exists to identify and achieve the organizational mission, goals and strategic outcomes." [1] An effective governing structure to carry out new development and ongoing oversight is critical to strategic and programmatic success.

Units that comprise the governing structure are individually and collectively accountable to the association overall, with due care and consideration to stakeholders, including the

membership, the industry or profession represented, the staff and where applicable outside agencies and the public. [2]

Trends indicate a preference for more flexible governance structures with an eye toward improved efficiencies and enhanced outcomes. [3]

- Structures are being designed or reconfigured for flexibility to allow continual, ongoing change that mirrors both the rate and nature of change in the industry/profession, member service needs and organizational efficiency.
- Moving away from the traditional, hierarchical array of governing bodies to more flattened structures with fewer, more tightly focused units.
- Reconfigured to better leverage volunteer resources. Large, formally constituted bodies are limited to the minimum required for direction setting and oversight, augmented as needed by smaller, temporary, strategically-focused, action-oriented units.
- Realigned structures that are less political and more knowledge- and skills-based.
- Multi-year commitments are declining. Governance appointments are structured to shorten the required time commitment.
- Governing bodies are becoming less procedurally rigid. Rules of order are relaxed to facilitate more natural

interpersonal business behaviors, especially at committee and task force levels.

- Representative forms of governance are replaced by more direct member input, made possible by communication methods that did not exist at the time representative-based structures were created.
- Staff is viewed as a governance partner. Staff members are being given increasingly active roles in strategic planning, particularly in the areas of information analysis, action alternatives development, consulting and advice to governing bodies.

Whether the organization adopts a traditional or an innovative structure, each association establishes its own governance system according to the needs, preferences and behavioral culture of its membership. No single structure is "best," but all share some best-practices characteristics.

## **Policy Statement**

The Association Forum believes that effective governing structures are more than boxes on an organizational chart. Effective governance includes both the structure and the business practices used by the governing units within it.

An Association is governed first and foremost by its Articles of Incorporation and its Bylaws. (See Association Forum's Professional Practice Statement on [Bylaws](#)). The Bylaws

should include governing structure information, including: descriptions of elected and appointed governance positions, terms of office, qualifications and election/appointment procedures. These form the basis for administrative governing units accountable for planning and oversight.

Association governing structures and processes must comply with all applicable federal laws and regulations, as well as applicable laws and regulations of the states and the local jurisdictions in which it is based or operates. If the association conducts programs outside the United States, it must also abide by applicable international laws, regulations and conventions that are legally binding on the United States.

Statutes in the state where the association is incorporated generally identify the Board as the association's primary and, ultimately, legally accountable governing unit. The Board, plus any other established governing units, collectively forms the governing structure.

In constructing or adjusting its governance structure, the association should make a clear distinction between governing units and operating units. The fact that a working unit is populated by members does not necessarily make it a part of the governance structure.

Governing units are those that are accountable for:

- Establishing direction; vision, mission and goals; and internal and public policy
- Operational oversight, including legal and financial responsibilities

Operating units such as program planning and implementation groups, whether they are populated by members or staff, are not part of the governing structure. They do, however, play key roles in informing governance decisions made by governing units. The governing structure should include interfaces that allow these operating units to feed relevant information to inform governing unit decision-making.

Constructing or adjusting the association's governing structure should follow outcomes-based effectiveness tests. The following are recommended checkpoints for assessing governing structures and business practices within them.

1. Governance should be structured to:

- Make governance truly meaningful and enhance flexibility for volunteer participant roles. The structure actualizes business processes that transform the association from one where member volunteers work hard to one where member volunteers' hard work really pays off. Volunteer activity actually produces meaningful, member-valued results and offers

participation modes that vary in the nature of the role played and the degree of time volunteers need to devote.

- Increase volunteer member effectiveness. Effective structures and business methods within them focus volunteers on strategic issues of real importance, achieving desired outcomes in the areas of the association's programming and its sphere of influence.
- Increase staff effectiveness. Staff supports a minimum number of highly productive governing units, freeing them to concentrate on improving and managing member value-producing programs and services.
- Streamline decision-making. Less hierarchal structures and fast-track approval practices produce results quickly, enhancing the association's ability to seize rather than miss opportunities.
- Increase member volunteer involvement. Flexible opportunities to serve in traditional and innovative ways open doors to large numbers of governance participants.
- Create more meaningful and satisfying member participation. Ensure a focus on substantive agendas. Help volunteers see something-to-show-for-it outcomes from their time and effort.
- Fast-track succession into the organization's leadership. Ensure that volunteers don't have to give years of service to play meaningful roles.

- Lower the cost of governance. Fewer but highly effective formal structures costing less to administer, ensuring that more money goes into member value-producing activities.

2. Form should follow function. Associations should adopt governing structures that facilitate achieving the organization's mission, goals and strategic objectives. Governing unit structures and the processes they use should be adjusted whenever they impede organizational purpose or strategic achievement. (For more information, refer to the Association Forum's Professional Practice Statement on [Association Strategic Governance](#).)

3. The Governance structure of an association must facilitate sound and effective management and ensure organizational oversight of operations, legal and ethical issues, and strategic outcomes of importance to the association.

4. Criteria for selecting participants in the association's governing structure should include elements of diversity. The governing leadership should closely mirror the full membership demographic and make decisions that produce value for all segments of the membership. Associations benefit from diversity of culture, thought and perspective. (See Association Forum's Professional Practice Statement on [Achieving Diversity in Associations](#).)

5. Governing structures should be evaluated regularly to ensure that they are performing effectively. The association should establish documented methods for evaluating the performance of each governing unit. Evaluation options include:

- Self-evaluation by the unit
- Board evaluation of the unit's outcomes
- Staff evaluation of the unit's operating procedures
- Financial evaluation of unit funding and fund use

Evaluation systems should include clear procedures for:

- Sun-setting governing units that are ineffective or have outlived their usefulness
- Removing governance participants who are unable to fulfill their responsibilities. [\[2\]](#)

6. To ensure continuity and a readily available pool of leaders, association governing structures should include a formal process for leadership development and succession planning. The governing structure should include systems to recruit and prepare new governance participants for the roles they will play, as well as leaders' performance and governing units' outcomes assessment. Systems should include ongoing recruiting action, context orientation and skills training. (See the Association Forum's Professional Practice Statement on the [Leadership Development](#)

## Process.)

7. All governing units should be made aware of and held accountable for fulfilling their legal, ethical, oversight and programmatic responsibilities.<sup>[4]</sup>

8. Governing structures are sometimes, but not necessarily, based on a representation model where individuals in governance positions are expected to represent the views of a particular membership constituency. Where representation-based governing units exist, the duty is to represent constituent views and needs, ensuring that they are fully and fairly considered. In the decision-making role, all governance participants must make decisions that represent the best interests of the association as a whole. Once governing decisions have been made, the duty is to "represent" the governing body's decisions and reasons back to the constituency.

9. Association governance should be transparent:

- Processes should be established to ensure that conflicts of interest are disclosed immediately and understood by the entire governing body.
- Governance information should be made readily available to the entire membership, including:
  - Compensation paid to elected governance participants
  - Governance decisions (executive sessions should be

kept to a minimum)

10. Clear lines should be established to ensure that governance roles are clearly distinguished from the operations management role. Roles, authorities, accountabilities and interfaces should be clearly delineated for members and staff.

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## **Reference List**

[1] [Association Forum practice statement on "Association Strategic Governance"](#)

[2] [http://www.nonprofitpanel.org/report/principles/Principles\\_Guide.pdf](http://www.nonprofitpanel.org/report/principles/Principles_Guide.pdf)

[3] <http://www.thepointline.com/Governance%202013%20Doc.htm> Governance Trends and Practices

[4] [http://cupe.ca/updir/A\\_Guide\\_to\\_Non-Profit\\_Governance.pdf](http://cupe.ca/updir/A_Guide_to_Non-Profit_Governance.pdf)

## **Additional Resources**

Nonprofit Governance Models - The Innovation Journal (pdf) [http://www.google.com/url?sa=t&rct=j&q=association%20governance%20models&source=web&cd=2&cad=rja&ved=0CEYQFjAB&url=http%3A%2F%2Fwww.innovation.cc%2Fscholarly-style%2Fbradshaw5final.pdf&ei=0BWmUZO0KcOKrgH3IICA\\_DQ&usg=AFQjCNFRp\\_gw0cUlyyFDIBK4ihBd3lcHCA&bvm=bv.47008514,d.aWM](http://www.google.com/url?sa=t&rct=j&q=association%20governance%20models&source=web&cd=2&cad=rja&ved=0CEYQFjAB&url=http%3A%2F%2Fwww.innovation.cc%2Fscholarly-style%2Fbradshaw5final.pdf&ei=0BWmUZO0KcOKrgH3IICA_DQ&usg=AFQjCNFRp_gw0cUlyyFDIBK4ihBd3lcHCA&bvm=bv.47008514,d.aWM)

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