

REGIONAL COUNCIL BOARD OF DIRECTORS

NADO ANNUAL TRAINING CONFERENCE

SAN ANTONIO, TX

OCTOBER 15, 2016





ABOUT THE SPEAKER

- **Steve Etcher**

- MarksNelson, LLC
 - Manager, Location Strategies
- Community EDGE, LLC
 - Vice-President
- Boonslick Regional Planning Commission, Warrenton, Missouri (1988-2013)
 - Executive Director
 - NADO Board of Directors
 - Missouri Association of Council of Governments





AGENDA

- What are Regional Development Organizations
- Roles and Responsibilities
- Executive Director Evaluation and Compensation
- Expectations and Pitfalls
- Best Practices

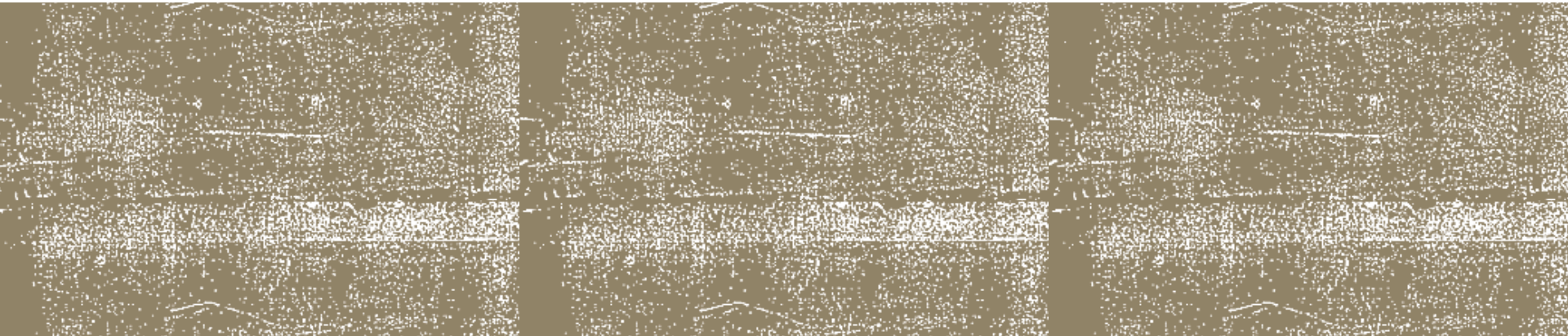
Successful, impactful organizations share a common feature—they have a board of directors that is engaged, understands their role, and contributes their talents and expertise to the success of the organization





REGIONALISM

REGIONALISM: a committed effort to improve communities through increased coordination and collaboration, maximizing efficiency through united approaches while preserving individual aspirations.





GENERAL MAKEUP OF REGIONAL DEVELOPMENT ORGANIZATIONS

- **Origins**
- **Various Names**
- **Statutory authority**
- **State and Federal prescription for board composition**
 - Majority control by local elected officials, may also include business, nonprofit, education and community leaders
- **Ownership**
- **Federal Program Designations**
 - Economic Development District for U.S. Economic Development Administration
 - Local Development District for a Federal-State Regional Commission (i.e. ARC , DRA)
 - Metropolitan Planning Organization (MPO) and/or Rural Transportation Planning Organization (RPO) for Transportation Planning
- **Fundamentals**
 - Serve as a forum to craft regional solutions for area wide needs and opportunities
 - Prepare plans and strategies for a broad range of regional and local issues
 - Strengthen and assist local governments
 - Advocate for locals at federal and state levels

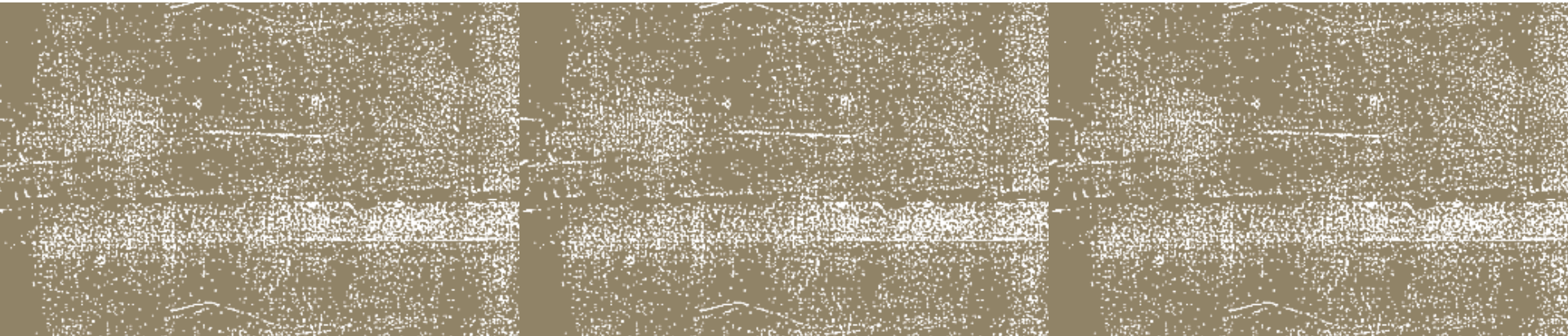
RDOs are known by many names...

- Area Development Districts
- Regional Councils
- Associations of Governments
- Councils of Governments
- Regional Councils of Governments
- Regional Development Commissions
- Economic Development Districts
- Local Development Districts
- Regional Planning Agencies
- Regional Planning District Commissions
- Planning and Development Boards / Commissions
- Planning and Development Districts
- Regional Planning Commissions





WHAT WOULD YOU DO?





ROLES AND RESPONSIBILITIES

- **Executive Director**

- Function as the CEO
- Recommends and carries out board policies.
- Manages day-to-day operations
- Maintains organizational relationships
- Oversees the staff
- Communicates with the board
- Reports performance and impact

- **Out of Bounds**

- Directors should not engage in politics and/or political campaigns





ROLES AND RESPONSIBILITIES

■ Board of Directors

1. Setting policy, develop priorities based on the organizations mission and purpose
2. Select the executive staff through an appropriate process .
3. Providing general guidance and counsel to the director.
4. The board ensures legal and ethical integrity and maintains accountability.
5. Strategic planning for the organization.
6. As safeguards of the public trust, board members are responsible for protecting the organization's assets.
7. Ensure financial integrity of the organization
8. Nurture a vision for the organization
9. Overseeing the Executive Director which means conducting an evaluation of the director's performance
10. Participate in the leadership of the organization responsibly, ethically, and knowledgeably.





ROLES AND RESPONSIBILITIES-CON'T

▪ Board of Directors

11. Seek regional solutions—avoid parochialism
12. Ensure adequate resources
13. Manage resources effectively
14. Determine and monitor the organization's programs and services
15. Enhance the organization's public image
16. Serve as a court of appeal for unresolved issues or complaints
17. Assess its own performance
18. Promote the organization
19. Set the Director's compensation

▪ Out of Bounds

- Board Members should not involve themselves in operational matters or personnel issues





EXECUTIVE DIRECTOR EVALUATION PROCESS

- Function/Responsibility of the Board
- Should be done at least annually
- Identify assessment criteria
- Have the Director complete a self assessment
- Have the Board (or Committee) complete an assessment
- Review assessment with Board (or Committee) and Director
 - Inform full board at the conclusion if using a committee
- Create goals for future-make the review forward looking
- **Rating**
 - **4** Regularly exceeds expectations, exceptional, rare (**exemplary**)
 - **3** Almost always meets expectations and sometimes exceeds them (**good**)
 - **2** Sometimes meets expectations but needs improvement to fully satisfy them(**fair**)
 - **1** Does not meet expectations, needs significant improvement (**unsatisfactory**)





DIRECTOR EVALUATION

▪ Evaluation Criteria

- Evaluation of the Executive Director should be closely tied to the job description

▪ Focus on 10 Core Areas

1. Organizational management
2. Leadership-region, state, nation
3. Financial management
4. Program management
5. Personnel management
6. External Relationships
7. Internal Relationships
8. Visioning and Planning
9. Pursuit of Mission and Purpose
10. Professional attributes

Mission to improve the economic prosperity in the region by working together to address the needs of our businesses, citizens and communities

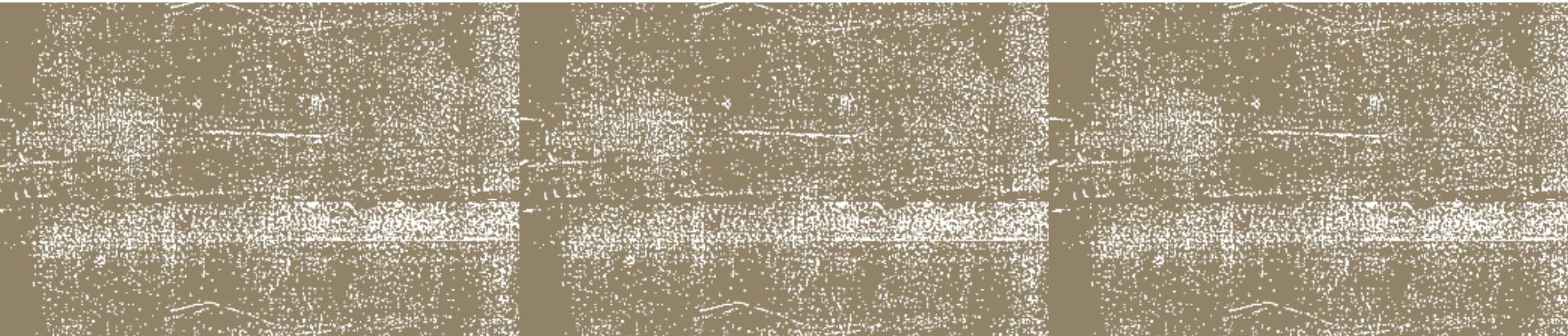
▪ Professional Attributes

- Demonstrates integrity
- Demonstrates ability to understand complex situations and instructions
- Is well respected in the region, state, and nation
- Demonstrates ability to lead a team
- Appearance-Dresses appropriately for the job
- Demonstrates ability to make good judgments
- Demonstrates a willingness to accept responsibility
- Demonstrates initiative and self motivation
- Demonstrates the ability to perform under pressure
- Demonstrates the ability to prioritize and make the best use of time
- Maintains a positive attitude
- Demonstrates maturity (in relation to age and experience)
- Is conscientious about the way customers are dealt with
- Possesses good oral communication skills
- Possesses good written communication skills
- Demonstrates punctuality
- Demonstrates a proper attitude and a good frame of mind
- Demonstrates the ability to be an innovator and thought leader





EXECUTIVE DIRECTOR EVALUATIONS





SET DIRECTORS COMPENSATION

Compensation tips will help you consider an appropriate value.

- Research the compensation of executive directors for similar organizations in your region.
- You can make direct calls to your peers on the boards of other organizations; review their form 990
- Use reports provided by your state or national association, and reports provided by professional salary review groups.
- If yours is a small organization with limited funds, a larger peer in the community may be willing to share their data.
- **Avoid Common Problems**
 - **UNDERSTAND YOUR BUDGET CONSTRAINTS**
 - Consider the position of your organization in the marketplace.
 - Consider the performance of your executive director relative to those of his or her peers.
 - Consider the cost of retaining your current executive and of hiring a replacement.
 - Consider internal equity.
 - Avoid undue persuasion by the chief executive—and avoid the perception of such persuasion.
 - Remember, it's not just salary—it's a compensation package. Sabbaticals, time off, retirement planning, paid education, and so forth are all part of the picture.
 - Public perception is important.
 - If you tie compensation incentives directly to performance, identify both the incentives and the criteria for measuring successful attainment of goals many months ahead of the evaluation..
 - Be sure that the entire board has discussed and approved the compensation package.
 - **UNDERSTAND YOUR BUDGET CONSTRAINTS**





HIRING THE EXECUTIVE DIRECTOR

- Attributes I recommend

High octane, high energy, self starter

Great communicator

Creative entrepreneur

Visionary

Consensus builder and motivator

Open minded

Results oriented

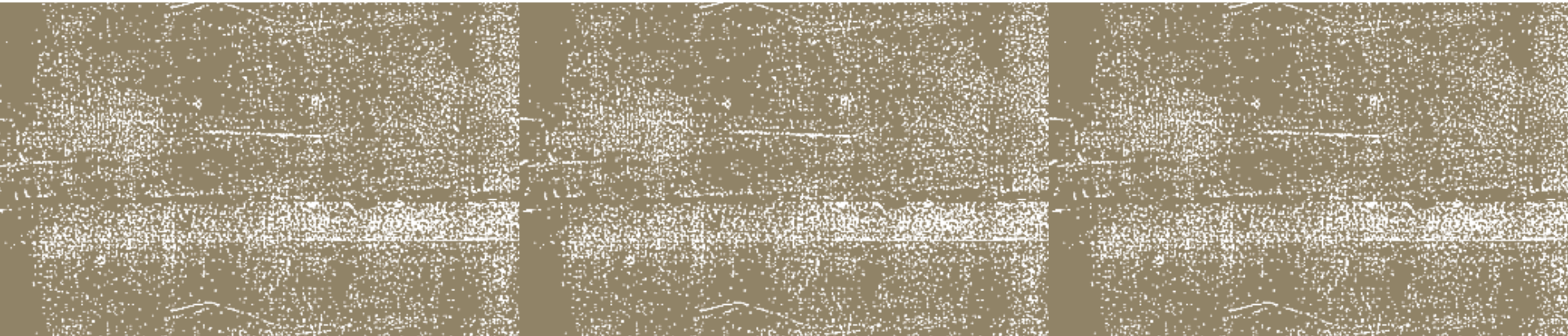
Decision maker

Trustworthy





EXECUTIVE DIRECTOR QUALITIES





EXPECTATIONS

- What the **ORGANIZATION** needs from you
 - Perspective
 - Opportunities
 - Promotion
 - Orientation of new board members
 - Access to key contacts in your community
 - Response to a “Call for Action”
 - Legislative assistance “Advocacy”
 - Support (time and finances)





EXPECTATIONS

- What the **DIRECTOR** needs from you
 - Encouragement
 - Constructive criticism
 - Vision
 - Your perspective
 - Engagement
 - Offer opinions
 - Read board packets and engage in the discussion
 - Understanding of the role and purpose of the organization
 - A regional focus
 - A performance evaluation





PITFALLS

- **Things not to do**
 - Ask director to hire friends and family
 - Ask director or the organization to get involved with political issues
 - Ask director to compromise their integrity
 - Ask the director to give preferential treatment to board members and communities
 - Try to micromanage the organization
 - Get involved with personnel issues
 - The board hires and oversees the director
 - The director is charged with managing staff (too many bosses for employees is a difficult situation)
 - Please don't compare the salaries of professional staff within the organization to all local government employees





RELATING TO RDO STAFF

DO's

- Learn all you can about your organization's staff—spouse's name, children, occupation, etc.
- Understand the staff's role in the organization
- Respect their professional abilities and perspectives
 - Planning
 - Compliance

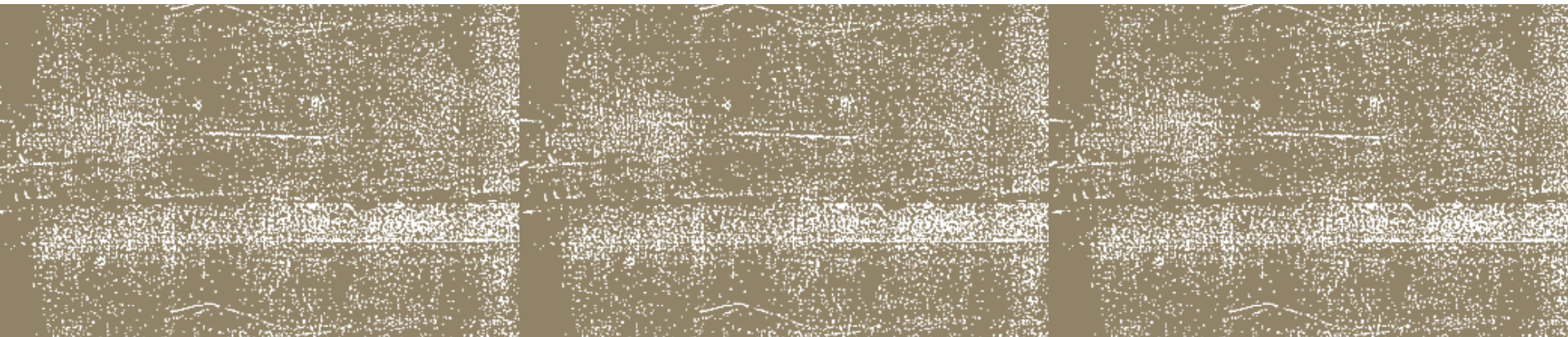
DON'Ts

- Avoid intense personal relationships with staff.
- Don't use staff to undermine or circumvent the Director
- Don't use staff to “police” the Director's performance or report on the Director.
 - This is the board's responsibility





**NOBODY WANTS TO TALK
ABOUT THESE ISSUES**





SUCCESSION PLANNING

- Many non-profit and quasi-governmental organizations depend upon seasoned leadership with many years of experience and training to accomplish the organization's mission.
- When leadership is lost, whether through an emergency situation or retirement of its key leaders, it is critical that a plan is in place to prepare for these events.
- Succession Planning is a risk-management strategy. It is critical to ensuring the viability of an agency in the event of a key managers planned/unplanned absence.
- Succession planning is the identification and development of potential successors for key positions in an organization, through a systematic evaluation process and training.
- Succession planning is more than replacing vacant positions—it grooms talent for the future. The need to look ahead and prepare for eventual change at the top is paramount
- In non-profit and quasi-governmental agencies, it is extremely important to have a plan in place to replace key staff.
- Organizations that have existing succession plans are a much more desirable work place than those that don't.
- The future may not be like the past and the competencies required may be different in the future so merely “cloning” past leaders is not appropriate.





SUCCESSION PLANNING

- Succession planning isn't just an event. It is a process, an organization shift to focus on developing talent within the organization to strengthen the leadership qualities and capabilities with existing staff and to invest in leadership development and professional capacity of the organization's staff. The process requires long-term commitment, consistent and continual performance evaluations, and the ability to discern the effectiveness of staff to adjust to leadership roles.
- **Succession Planning Effort**
 - Identifying the agency's goals going forward.
 - Determining which tools a successor will need to have in his/her skill set to achieve these goals.
 - Devoting significant attention to building capacity of the board, managers, and systems to sustain funding and programs beyond the current executive's tenure
- **Strategies for Replacing Leadership**
 - Grooming in house leadership-appointing an "heir apparent"
 - Interim Executive Director-test drive, transition period
 - Statewide and National search
 - Search firms
 - Committee structure
 - State and national associations





EVALUATING ORGANIZATIONAL PERFORMANCE





INDUSTRY TRENDS

- Issues and challenges are becoming far more complex
- Non-traditional partnerships are being formed to maximize resource utilization
- The “INDUSTRY” is transitioning
- Trickle down problem solving

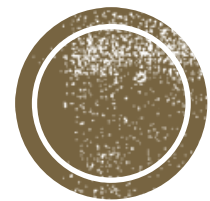




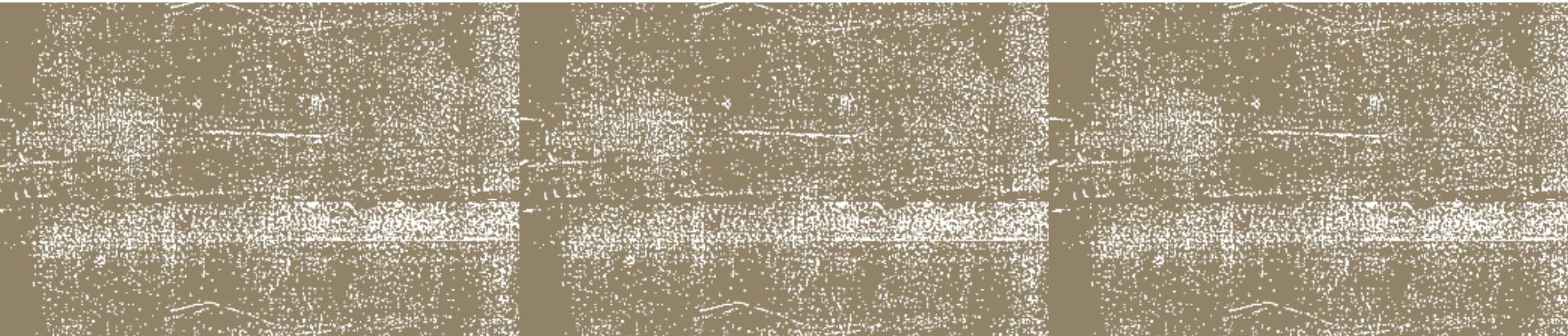
RDO CHALLENGES

- **Challenges facing regional organizations**
 - Term limits
 - Turnover in elected officials
 - Generation of founding fathers has retired-board and directors
 - Replacing regional leadership
 - Static revenues and escalating expenses
 - Budget cuts at the federal, state and local levels
 - Funding technology costs
 - Email servers
 - Cloud computing
 - Software subscriptions
- **Open discussion on challenges board members are facing within their organization**





BEST PRACTICES OF REGIONAL DEVELOPMENT ORGANIZATIONS





HOW TO ENGAGE THE PRIVATE SECTOR

- Understand what value the private sector desires
- Understand and value the insights they can provide to the organization
- Minimize the bureaucracy of the organization and “government speak”
 - Bureaucracy repels the private sector
- Respect their time commitment
- Volunteerism is a great gateway to organizational engagement
- Focus their involvement in areas they are passionate about
- Help the private sector understand your organization, role, purpose and mission





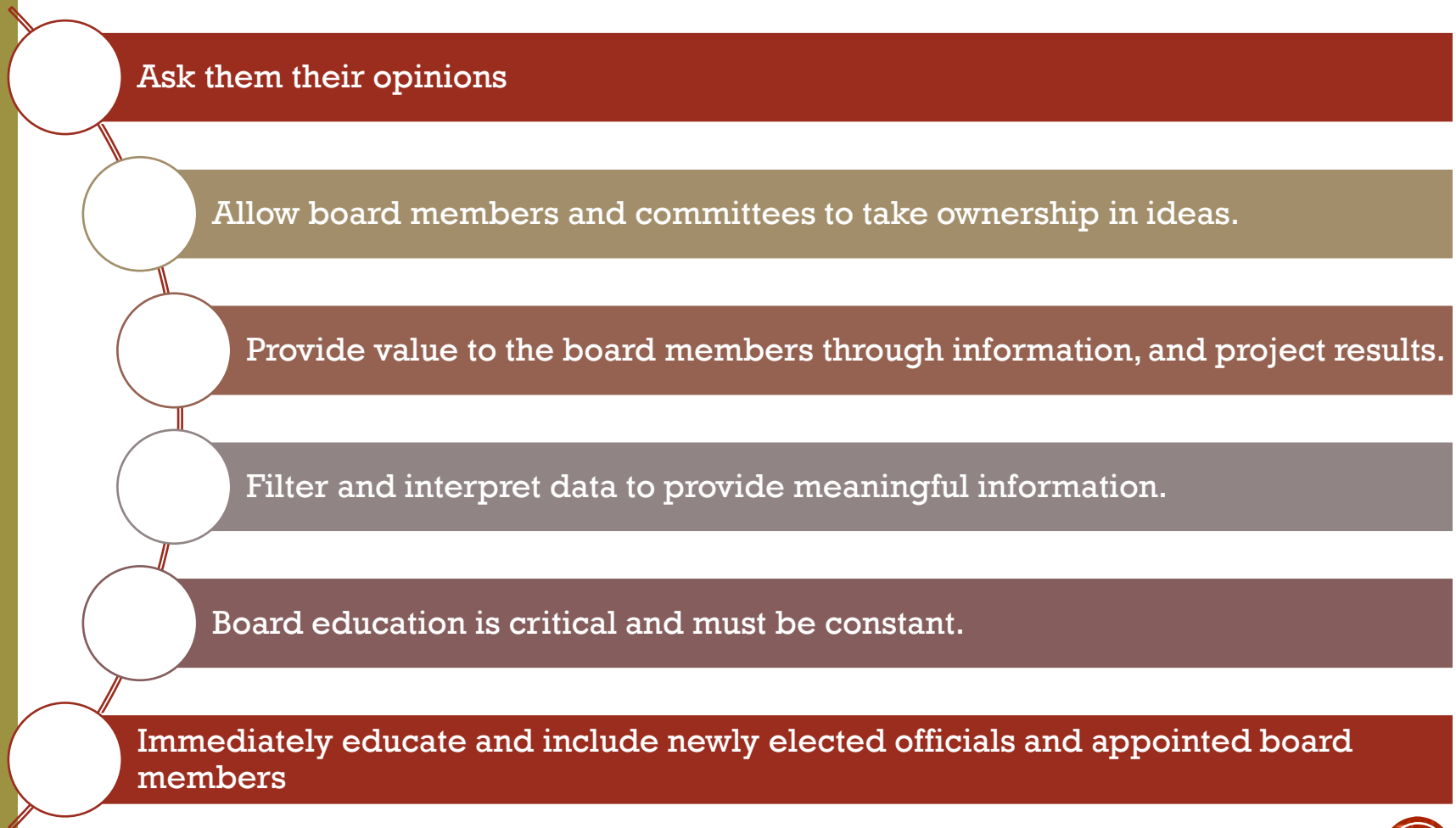
HOW TO EFFECTIVELY ENGAGE YOUR FELLOW BOARD MEMBERS

- 1 Have regularly scheduled meetings that encourage participation
- 2 Have a structured meeting format to make the most use of their time and provide value to the members
- 3 Have an agenda and stick to it. Stay within the time constraints set up for the meeting
- 4 Utilize committees as appropriate to streamline the policy debate, make recommendations, and broaden board member engagement.
- 5 Create Ownership by the Board—as appropriate with your enabling legislation. Constantly reinforce their ownership versus ownership by the Executive Director





KEYS TO CREATING A DYNAMIC BOARD OF DIRECTORS





BEST PRACTICES-EDUCATION & ORIENTATION

- **Best practices I have seen to assist with board member orientation**
 - Meet with new elected officials and board members as soon as they are elected and/or appointed
 - Ask board chair and key leaders to attend the meeting so they hear from the existing leadership, not just the staff
 - Share goals and mission of organization
 - Stress importance of being a regional leader
 - Talk about ownership of regional council
 - Outline primary roles of policy board members
 - Provide overview of key programs and services





BEST PRACTICES-FINANCIAL MANAGEMENT

What the Director Needs to Know & Understand

Cash inflows and outflows are different from revenues and expenses.

Budgets are blueprints for the future...plans.

Financial statements are historical; they report what happened in the past.

Financial projections are critical to addressing current and future needs

What the Board Needs to Know & Understand

What resources the organization has.

Sources of fund to acquire resources and provide services (Assets)

How the organization has performed financially





FINANCIAL STATEMENTS

Balance Sheet

Financial status report.

Shows financial position at a position in time.

Usually prepared last date of accounting period.

Income Statement

Financial performance report.

Covers the duration of the reporting period.

Cash Flows

Explains the reason for change in CASH during the accounting period.

What were the sources of cash inflows?

What were the uses of cash outflows?

Can help you anticipate a need for cash





BEST PRACTICES-FINANCIAL MANAGEMENT

- Have a financial management procedures manual
- Hire trustworthy, competent, experienced staff
- Maintain fidelity insurance on all staff and board members that are involved with the financial process
- Separate duties as much as possible
 - May require board members to take on certain tasks
- Educate yourself if are not 110% confident in your financial aptitude
- Have an audit done every year by an independent accounting firm
- Meet with the auditor to get his opinion on the financial practices of the organization
- Sit in on the exit conference with the auditor and your staff (Chair or Treasurer)

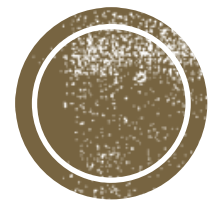




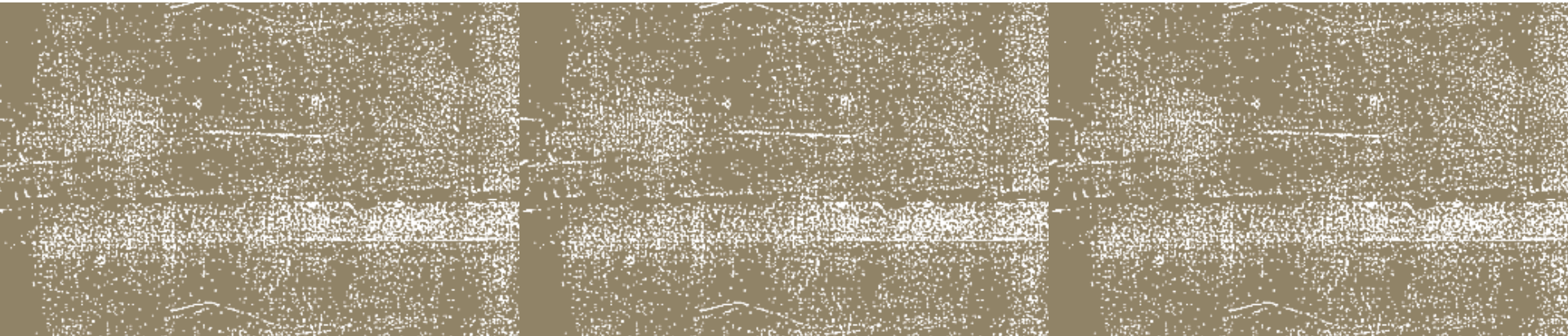
BEST PRACTICES-FINANCIAL MANAGEMENT

- Adopt an annual operating budget
- Present the budget to the Board of Directors for adoption
- Prioritize accumulating sufficient financial reserves
- Prioritize eliminating any indebtedness (exception=building)
- Know how your organization's operating budget is trending
- Develop a financial procedures manual
- Contract for an annual independent financial audit
- Maintain bonding/fidelity insurance on key employees and board members
- Provide monthly financial statements to the Board of Directors
- Require multiple signatures on all checks





RDO FINANCING





BEST PRACTICES-MEETING FORMAT

- Understand the most convenient date and time for your members to meet
- Meet with your Executive Director in advance to set the agenda and discuss agenda items
- Develop an agenda and stick to it.
- Respect members time—keep meeting on schedule
- Provide ample notice for the meeting date, time and location
- Have board packets sent out a week in advance of the meeting—agenda, minutes, financials, policies, action items, and reports.
- Arrange the room so members are facing one another to promote good dialog
- The chairman should run the meetings and defer to the Director for additional information
- Don't allow staff to blurt out during the meeting/discussion, ask them for input when appropriate





BEST PRACTICES-MEETING FORMAT

- Be prepared to accommodate the press and the public
- Request members to turn off cell phones during the meeting
- Avoid passing out papers during the meeting-have it at their table or send in the packet.
- Use color paper to manage handouts
- Avoid the use of acronyms with the board
- Know your by-laws and Roberts Rules of Order
- Use committees as appropriate and beneficial





BEST PRACTICES-GOVERNANCE

- **Who Needs To Be At The Table**
 - **Top level talent** from private, nonprofit and philanthropic sectors
 - Chief local elected officials
 - Economic Development practitioners
 - Regional interest-industry, education, tourism
 - Movers and shakers in the region
- **Is it clear who owns your regional council?**
 - Local governments
 - Federal, state and local funders
 - General public
 - All of the Above
 - ***Note: It isn't the Executive Director!***
- **Most regional councils, by law or executive order, are established as voluntary councils owned and governed by local governments**
 - **HOWEVER, in many cases local officials:**
 - Are unaware of regional council functions & programs
 - Do NOT realize regional councils are set-up to serve them
 - Do NOT consider themselves as owners





GOVERNANCE

- **Questions to ponder:**

- Are you (board) an asset, impediment or non-factor?
- What strategies are you using to engage, reward and motivate the board?
- Are you (board) operating at a:
 - policy level,
 - operations level (micro-managing), or as
 - a networking club?





GROUP DISCUSSION

- **The long-serving Executive Director of your Regional Development Organizations has announced his intent to retire.**
 - **As a member of the Board of Directors how do you react?**
 - **What are the first steps you intend to take in addressing this issue?**
 - **What do you feel is the Board of Directors role in this situation?**





GROUP DISCUSSION

- **A couple of local governments are feuding over annexation and utility extensions.**
 - **As a member of the Board of Directors what position do you recommend the organization (RDO) take on the matter?**
 - **Does your recommendation change if one of the communities in question is the community you represent?**





GROUP DISCUSSION

- **A community in the region has announced their intent to form their own Economic Development Organization to focus on Business Attraction**
 - **As a member of the Board of Directors of the RDO serving this community, how do you react to this?**
 - **What direction do you provide the director in dealing with this situation?**
 - **What is the message that you would want the organization to communicate to the community?**



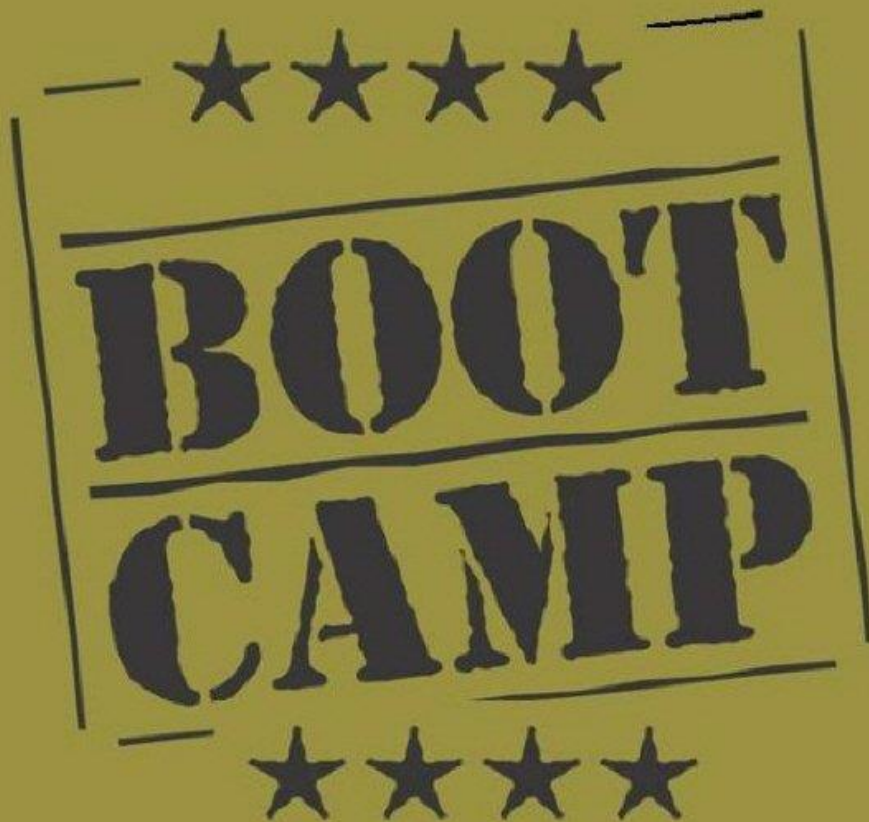


CONGRATULATIONS

ON

GRADUATING FROM





CONTACT INFORMATION

Steve Etcher

setcher@mnlocationstrategies.com

636.359.0114

MarksNelson LLC

MOVE FORWARD



*Certified Public Accountants
and Business Advisors*