APPA Governance Report
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1. Preface

Our industry of Higher Education is going through change at an ever-increasing rate. External forces such as regulatory issues, student debt, escalating cost, increasing expectations, international competition, technology, and declining student populations are hitting our institutions from all directions.

These forces will certainly have an impact on our institutions and therefore the physical facilities that make up our campuses. Change in educational facilities management is happening simultaneously, exponentially, and interdependently at the same time that higher education is at a critical juncture. Maintaining the status quo is no longer a viable strategy for the facilities organization. Facility managers will be asked to implement new technologies, new business models, and operational strategies in response to the new paradigms. This will require innovation, courage, and resourcefulness.

APPA has long been known for its educational programs that prepare both senior administrators and emerging professionals for the challenges of the future. As technology and the approaches to teaching and learning evolve, so must APPA continue the evolution of its educational programs, their delivery, and their relevance or value to our membership.

APPA's new strategic plan, *Preparing for Every Future,* is a vitally important plan that will chart a course for the association into the future. At the same time our schools are moving toward a model of continuous, lifelong learning in order to meet the needs of today's economy, APPA needs to be ready to meet the demand for continuous learning and skills-building that will be the core to the success of its members. The strategic plan envisions new programs, new content, innovative delivery methods and new technologies that will bring these services to the membership. This framework is aggressive, and involves the retooling of many established programs and the reprioritization of the allocation of financial resources. It is imperative that the association has a governance structure in place to respond to this need.

The current governance structure has evolved over time under the influence of numerous changing priorities, initiatives, and strategic directions. It is based on geographic representation without regard to competency, skills, or knowledge on how to govern. To successfully implement the strategic plan that will set APPA's direction for years to come, it is imperative that the governance structure be customized to provide optimal support to the plan and ultimately deliver the member benefits that will continue to prove APPA's value to its members and to their institutions.

This study will employ processes to ensure the due diligence necessary to support these decisions. Industry research will be conducted and peer surveys will be completed to validate and support the key findings and recommendations.

2. Executive Summary

2.1 Background

In July 2018, APPA's Board of Directors approved a new Strategic Plan, *Preparing for Every Future.* The Plan contained three principles for the Board and Staff:

- Sharpen the Focus.
- Strengthen the Core.
- Build Organizational Capacity.

Implementation of the plan over several years will require sustained effort, oversight and adjustment. Faced with these challenges APPA's Board decided to undertake a review of the governance of APPA to ensure the capacity of APPA's leadership structure was up to this task.

In 2019, President Don Guckert asked a group of APPA Fellows to form a study team and to conduct a thorough review of APPA's Governance. Members of the Study Team were: William Daigneau, Chair; Jack Colby; Jack Hug, Advisor; Jeri King; Gary Reynolds; and Glenn Smith.

The charge given the Study Team was:

1. Document and analyze the existing governance structure.
2. Research publications and articles to determine current trends.
3. Conduct an evaluation of the existing structure to identify strengths, weaknesses, opportunities, and threats.
4. Conduct interviews with APPA Presidents, Executive Committee, and Board members to collect points of view.
5. Conduct interviews with Senior APPA staff to identify internal issues.
6. Conduct interviews with other non-profit organizations to determine best practices.
7. Provide a comparison of APPA's governance model to alternative models.
8. Identify key findings.
9. Provide a report to the Presidents, which includes conclusions and recommendations, to be brought to the Board in January 2020.

Following a work session with President Guckert and Executive Vice President Lander Medlin, the Study Team developed a Work Plan to accomplish this charge. The Study Team held teleconferences biweekly, and met ten times in person, with a total work effort of over 2000 hours.

2.2 Evaluations and Research

A complete review of the existing Governance of APPA and its Bylaws was conducted. APPA currently has a 23-member Board of Directors and a 10-member Executive Committee. Elected officers serve three-year terms, while other Board members serve two-year terms, all staggered. Thirteen members of the Board are determined by the Regions of APPA. The Board meets twice a year face-to-face, and up to eight times a year by teleconference.

APPA's current governance structure was analyzed for its Strengths, Weaknesses, Opportunities, and Threats (SWOT). These are summarized in Section 4. While the current structure offers many strengths, it also has a number of weaknesses, opportunities, and threats. To validate the SWOT analysis, the Study Team interviewed the Officers and entire Board, as well as two industry representatives, the Executive Vice President and five APPA staff members. The primary challenges facing APPA's current governance structure were identified as:

- Size.
- Focus.
- Efficiency.
- Meeting Frequency.
- Selection Process.
- Role and Responsibility.
- Parochial Interests.
- Criticality of the EVP position.
- Terms.
- Structure.

The Study Team researched current governance models and trends (Section 5). The vast majority of non-profit organizations use one of three types of structure: Functional, Divisional, or Matrix. This provided a framework to identify and categorize governance alternatives, as well as the advantages and disadvantages of each. APPA's current structure most closely followed the Divisional model.

To determine governance models used by higher education associations, the Study Team conducted a review of nine associations, selected from CHEMA, the Council of Higher Education Management Associations (Section 6). All nine had migrated to either a Competency-based (Functional) structure or a Hybrid (Matrix). Only APPA used a Representational (Divisional) structure. There were several findings from this review but the most important were:

- APPA has one of if not the largest board and executive committee.
- APPA spends more on governance than the other nine.
- All the others use staff, not volunteers, to direct and operate their programs.

- All the others have or are shifting to competency-based selection of board members.
- All others have board terms that are as long as or longer than APPA.
- All other boards focus on strategy, not operations.
- All other boards meet face-to-face more often than APPA.

2.3 Comparison and Conclusions

Based on its analysis and research, the Study Team compared APPA's governance to other models in terms of fulfilling its roles of policy making, decision making, and oversight. The comparison used two hypothetical models, one if APPA adopted a fully competency-based board structure and the other if it used a hybrid model. The existing governance was then compared to the two hypothetical models in terms of the features of the structures and how board responsibilities would be met.

Comparing APPA's governance structure to the hypothetical models revealed several possible benefits to making a change. The benefits were financial, board competency, responsiveness, program continuity, sustained strategic plan implementation, regional ties, terms, a refocused board, and outreach.

As a result, the Study Team reached a series of eleven conclusions. Of these, the most important are restructuring of APPA's governance is needed in order to successfully implement its strategic plan; now is the right time to undertake the restructuring; the current structure does not function at a strategic level; financial and governance resources are not being used effectively; and governance is not positioned to fulfill its responsibilities, including succession planning.

2.4 Recommendations

The Study Team developed eleven recommendations for consideration by APPA's leadership (Section 8.2). Briefly these were:

- Reduce the Board size.
- Modify the Board selection, in terms of nomination, terms and election.
- Shift Board focus to strategy and planning.
- Reduce the number of Board committees.
- Manage programs by staff, not volunteers.
- Establish Treasurer position as a Board Officer.
- Eliminate or reduce regional representation on the Board.
- Modify President and Board Officer terms.
- Reduce the number of Board Officers.
- Reduce the size of the Executive Committee.
- Appoint a Transition Working Group.

2.5 Acknowledgements

The Governance Study Team wishes to express its gratitude for this opportunity to contribute to the long term success of APPA and for the support and encouragement it received from APPA's leadership, its staff, industry representatives, and the entire Board of Directors.

The Study Team also wishes to thank the CHEMA association executives who participated and assisted in this study.

3. Charge to the APPA Governance Study Team

To ensure that APPA's governance structure is properly aligned with the new vision and strategic plan, 2018-2019 President Don Guckert, on behalf of the Presidential Triad and the Board, charged the Governance Study Team with the following tasks:

1. Document and analyze the existing governance structure following the recent reorganization as a result of the updated vision statement and strategic plan.

2. Research publications and articles to determine current trends in organizational structures and resulting changes to governance models.

3. Conduct an evaluation of the existing structure to identify strengths, weaknesses, opportunities, and threats.

4. Conduct interviews with APPA Presidents, Executive Committee, and Board members to collect points of view regarding the current structure and the needs for alignment with the new vision and strategic plan.

5. Conduct interviews with Senior APPA Staff to identify internal issues impacted by the new organizational structure and the realignment of resources and responsibilities.

6. Conduct interviews with other non-profit organizations to determine best practices, costs of governance, new organizational structures, alternative governance structures, and driving forces and trends impacting the industry.

7. Provide a comparison of APPA's governance model to alternative models when gauged against basic association responsibilities.

8. Identify key findings.

9. Provide a report to the Presidents that includes conclusions and recommendations.

He also asked that the committee work in calendar 2019, with a penultimate draft report submitted in September, in advance of the regional meetings. The report will be finalized based on feedback from the regional meetings.

Recommendations will be brought to the Board in January 2020.

4. Analysis of Existing Governance Structure

4.1 The APPA Board of Directors

The APPA Board of Directors is the governing body of the association. Its role is to plan, formulate policy and oversee programs and finances for the benefit of APPA's membership. There are over 20,000 members from over 1300 educational institutions. Each institution appoints one Institutional Primary Representative to cast its vote and represent its interests in the governance matters before the Association. This includes voting in the annual election of the President-Elect; and the election of the Secretary-Treasurer[1] (now Vice President for Member and Community Engagement) and three vice presidents, who each have three-year terms.
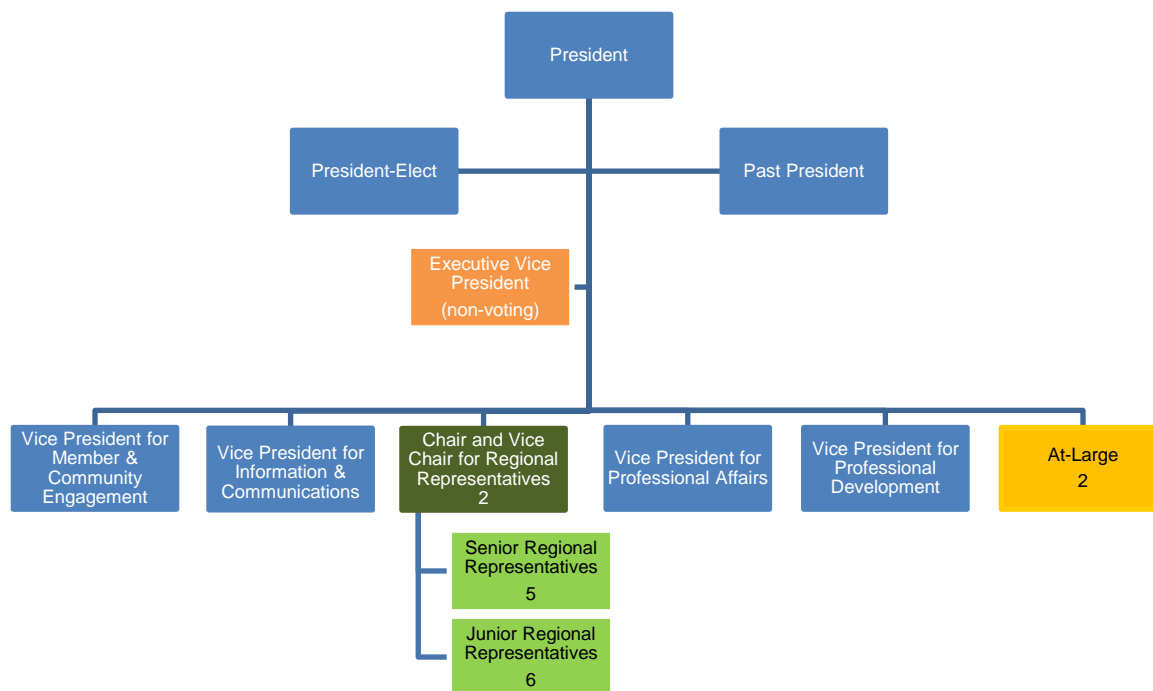
Figure 4-1

Blue boxes – elected officers

Orange box – ex officio (non-voting)

Dark Green box – senior representatives selected by the regional representatives to serve on the Executive Committee

Light Green boxes – representatives, appointed by Regions (the Vice Chair is also serving as a Sr. Representative, but is elected to serve the regional representatives and then step into the Chair role)

Gold box –up to two at-large members, appointed by the President.

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[1]At this writing, the Secretary-Treasurer position is in transition and this elected position will be known as the Vice President for Member and Community Engagement after the 2020 election. In this report, references to the "vice presidents" includes this officer as a vice president.

The President serves as chairperson of the Board of Directors. Other members of the Board include the President-Elect, Immediate Past President, Executive Vice President (chief staff executive and non-voting member), the four Vice Presidents, the Chair for the Regional Representatives, the Vice Chair (a senior representative), five other senior regional representatives, six junior regional representatives, and up to two at-large members. The 23-member APPA Board meets face-to-face twice a year, at a mid-year Board/Committee Meeting, and the annual APPA 20XX. In addition, the Board meets via conference calls that are conducted up to eight times per year.

- *Membership-elected Officers*. APPA's institutional members have one designated Institutional Representative (or proxy) that casts the institution's vote for the elected officers. Each year, these individuals vote for the APPA President-Elect. The President-Elect then annually moves through the presidential succession, from President-Elect to President to Immediate Past President. The Institutional Representatives also elect the four vice presidents on a staggered election cycle, with each serving a three-year term.

- *Executive Vice President*. The Executive Vice President is the chief staff executive of APPA. The Executive Vice President serves an ex officio (non-voting) role on the Board.

- *Regional Representatives*. There are 13 regional representatives on the Board, including the Chair for the Regional Representatives. The Board grants a non-exclusive charter to regions to be APPA affiliate organizations to promote common facilities management interests in educational institutions, foster the professional spirit of those engaged in such work and to aid and supplement the work of the Association.[2] APPA has six regions that each have a set of officers, committees, and activities that serve their member institutions.[3] Each region selects representatives to serve on the APPA Board of Directors. The terms are staggered. The Junior Representative is appointed to a two-year term, serving as a junior representative the first year, and as a senior representative the second year. Annually, the representatives elect one of the senior representatives to serve as Vice-Chair for one year before becoming the Chair for Regional Representatives for one-year. The Vice-Chair and the Chair are also members of the Executive Committee.

- *At-Large Members*. Up to two at-large members may serve a two-year term on the Board and may be reappointed for an additional two-year term at the discretion of the President of the Association. Each president may appoint

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[2] APPA BYLAWS, final revisions January 30, 2019, page 15.
[3] GUIDING PRINCIPLES FOR ORGANIZATIONAL AFFILIATION BETWEEN APPA, THE REGIONS AND CHAPTERS, REVIII2) .To the extent practical, subject to the availability of resources, the Board provides APPA's support of the activities of the regions and chapters on an as needed/negotiated regional basis.

only one at-large member during his/her tenure. Currently, there are two at-large members.

While the structure of the APPA Board of Directors has been essentially the same since 1996[4], several changes affecting the composition of the Board were made in recent years. These included adding a Chair for Regional Representatives, and, in 2018, the transition of the Secretary-Treasurer duties to the "Presidential Triad" and the creation of the Vice President for Member and Community Engagement. These changes are described in the Bylaws section of this report.

Executive Committee

The Executive Committee is a ten-member subset of the full Board that serves as a steering committee for the Board. In addition, the Bylaws specify that the Executive Committee is responsible for providing a financial report, ensuring that the accounts of the association are audited annually, and that the certification of the accountant is submitted as part of the annual financial report to the Board of Directors and the membership. Other responsibilities outlined in the Bylaws include developing and reviewing the fiscal policies of the Association, ensuring that all actions by the Board of Directors and the annual business meeting are documented and recorded for the association, and any other duties as the Board of Directors may designate. Certain duties are delegated by the Board to the Association's Executive Vice President.
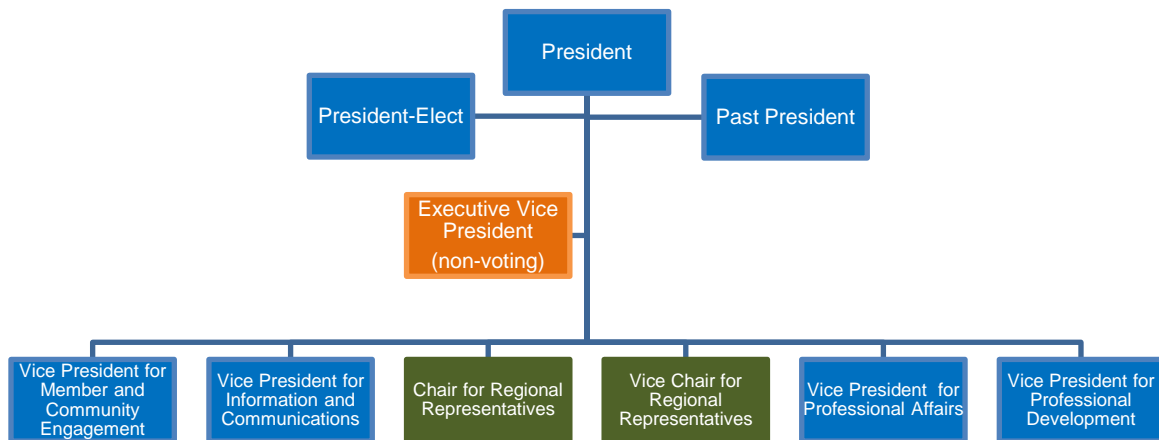
Figure 4-2

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[4] Flinn, Ronald T. President and Wayne E. Leroy, Executive Vice President. ADMINISTRATIVE POLICIES AND PROCEDURES, APPA: The Association of Higher Education Facilities Officers, Section I-A, Rev. No. 2, October 23, 1996. (2019 Board Orientation Handbook)

Those who serve on the Executive Committee are the President, President-Elect, Immediate Past President, Executive Vice President (non-voting member), the four Vice Presidents, and the Chair and Vice Chair for the Regional Representatives. The 10-member Executive Committee meets three times per year: APPA 20XX (before the Board Meeting), Mid-Year Board/Committee Meetings (before the Board Meeting), and in May or June of each year. Conference calls are scheduled 12 times per year, but actually occur only as needed.

In addition, the President, President-Elect and Immediate Past President, informally known as "The Presidential Triad", act as a sounding board for the Executive Vice President, oversee fiscal operations, and work together on strategic messaging.

Board Processes

The Board processes include planning, formulating policy, and overseeing programs and finance.

The Board launched a new strategic plan during the fiscal year ending March 31, 2019 and updated the Bylaws to support the plan. While implementation of the strategic plan is the responsibility of the Executive Vice President (EVP), the Vice Presidents and their committees define what that looks like, with the APPA staff supporting committee work and guarding against scope creep. The EVP and Vice Presidents regularly update the Board on their progress.

The Board addresses the topics for policy development that are brought to its attention in various ways. Some have been raised by the Executive Vice President, after being recommended by the auditor, as was the case with the latest "Conflict of Interest" policy. When Sarbanes-Oxley was established, APPA's legal team (an outsourced entity) reviewed it and recommended APPA respond; APPA followed with the creation of a region/chapter Affiliation Agreement. In other instances, Board members have raised a question, as was done before the development of the Reserve and Investment policies. All new policies are documented and filed in APPA's Administrative & Governance Policies Handbook, which is used to guide information presented during the new Board member orientation.

Existing programs are the subject of the committee action plans, which are aligned to APPA's Strategic Plan. The Vice Presidents present progress reports during face-to-face and telephonic conferences, and document this in various written reports.

A Business Plan Request (BPR) form provides the opportunity for the Board to review new requests for programs or financial support by highlighting the request's alignment with the strategic plan and estimates the associated financial impact. For example, the undertaking of this governance study included a BPR. However, the BPR process has been used inconsistently over the years.

Financial status and budget reports are presented for review several times per year, more frequently during lean years. Annually, the Executive Committee receives the audit reports, and finalizes with a presentation and acceptance by the Board.

The APPA President is charged with the review of the Executive Vice President. The current Executive Vice President has been in place for over 20 years.

4.2 APPA Bylaws, 2019 Revision

In January 2019, the APPA Board approved revisions to the Bylaws (2015). The revisions reflected changes that resulted from the strategic planning process, which was launched by the Executive Committee in 2018. The planning process included the 2018 member survey[5], an external review of change drivers, and an APPA Program Function Review[6]. The Board approved the new strategic vision and plan for APPA in July 2018. The strategic plan, *Preparing for Every Future*[7], responds to member needs, and builds on APPA's brand strengths of professional development and community, while sharpening its focus, strengthening its core and building organizational capacity. The Board and the Association moved quickly to reposition staff and realign committees, and revised the Bylaws.

The 2019 revision of the Bylaws includes some noteworthy changes. For example, the Bylaws now make the President responsible for the oversight of the elected Vice Presidents (which had been the responsibility of the President-Elect) and to continue providing leadership, direction and guidance to the Executive Vice President. In addition, the Bylaws now spell out the fiscal responsibilities of the Executive Committee and its responsibility to document and record all actions from the meetings of the Board of Directors and the annual business meeting for the Association. Other updates caught up with current activity, such as listing the Chair for Regional Representatives as a Board member, and, along with the Vice Chair for Regional Representatives, as part of the Executive Committee.

Many of the Bylaws changes focused on the vice presidents and the committees that report to them. There are three general categories of committees: permanent (established by by-laws), standing committees (established by the Board), and Ad Hoc Committees (short-term, established by the President). Standing Committees include the Awards and Recognition Committee, Bylaws Committee, and Nominations Committee. Each of the Vice Presidents has a permanent committee

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[5] Medlin, E. Lander. Executive Summary: Results from the 2018 Membership Survey, Facilities Manager, September/October 2018, p. 8-9.

[6] APPA Program Function Review, 2018.

[7] APPA's 2018 Strategic Plan: *Preparing for Every Future* sets forth three principles to guide the efforts of APPA's Board and staff: Sharpen the focus on core activities, strengthen the core activities, and build organizational capacity to pursue the strategic plan, including restructuring the committees and repositioning APPA staff.

that reports to them. The Vice President for Member and Community Engagement also has two standing committees (Awards & Recognition and Bylaws). The Nominations Committee continues to be chaired by the Past President. Changes to the Vice Presidents' roles are summarized below.

Vice President for Member and Community Engagement

- The Bylaws codified the move of the operational activities from the Secretary-Treasurer to the Presidential Triad. Oversight activities remain with the Board of Directors.
- The Vice President for Member and Community Engagement is a new title. This Vice President is responsible for cultivating a supportive and sharing professional community by ensuring the Association's products and services are increasingly differentiated and valued by APPA members.
- This Vice President serves as Chair, Member and Community Engagement Committee, which is now a permanent committee. Committee members are appointed, one from each region. In addition, At-Large members may be appointed as needed.
- This Vice President is also the chair of two standing committees: Awards and Recognition, and Bylaws Committee.
    - Awards and Recognition Committee was formerly part of the Professional Affairs Committee. There are six committee members, one per region. In addition, At-Large members may be appointed, based on the needs of the committee.
    - Bylaws Committee is a standing committee. Its members are the Junior Regional Representatives.

Vice President for Professional Affairs

- As Chair, Professional Affairs Committee, this Vice President is now primarily responsible for broadening APPA's reach and relevancy by exploring strategic partnerships and alliances with other associations and external agencies.
- As stipulated by the Bylaws, members of the Professional Affairs Committee will be approved by the Executive Committee, and appointed by the President. At-large members may be appointed, based on the needs of the committee. Terms are for one year and may be reappointed, not to exceed six years. This member selection process and terms of appointment are unique to this committee.

Vice President for Information and Communications

- The name of the committee has changed from Information and Research. As Chair for the Information and Communications Committee, this Vice President is now responsible for assembling and disseminating the

Association's collective wisdom and knowledge, and maintaining its brand identity.

- The Vice President also serves as the Board's representative/liaison to the APPA Standards and Codes Council.

Vice President for Professional Development

- As Chair, Professional Development Committee, this Vice President is now responsible for providing continuous opportunities to elevate the members' professional skills, knowledge and abilities and providing general oversight of the planning, development and quality of relevant content, programs and delivery methods for APPA's educational and professional development programs and services.
- This Vice President serves as the Board's representative/liaison to APPA's Credentialing Board

4.3 Existing Governance Structure: Strengths, Weaknesses, Opportunities and Threats

The Governance Study Team spent some time during the kick-off meeting to develop its perceptions of the strengths, weaknesses, opportunities and threats (SWOT) presented by the current governance structure.[8] It developed the following list of assumptions to test throughout the interview process.

Strengths

- *Stability.*
  - The Board is stable and predictable.
  - Staggered terms of the Board members provides continuity.
- *Role.*
  - The Board works with the Executive Vice President in the overall execution of the Associations goals.
  - It monitors and reviews executive performance, programs and services, financial and ethical performance.
  - It provides information on emerging issues within the profession.
- *Community engagement.*
  - The Regions are involved, which promotes transparency and helps build community engagement.
- *Member engagement.*
  - APPA Board members often have held leadership positions in their region.

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[8] The complete list of Strengths, Weaknesses Opportunities and Threats that was generated by the Governance Study Team is in the Appendix, Section 10.3.

- o Participation in governance provides a pipeline to other leadership positions.
- *Diversity*.
  - o The large Board and committee membership is diverse; for example, representing different sizes and types of institutions, and differing experience levels.
  - o Board and committee membership are open to all members, regardless of position within an institution's organization.
  - o Participation helps broaden the member's experience.
- *Committees*.
  - o Governance with committees allows more things to get done.

Weaknesses

- *Selection process*.
  - o It is increasingly difficult to recruit Board and committee members.
  - o There is low voter participation in selecting the elected members of the Board.
  - o Board member selection does not take into consideration qualifications, competency, or leadership experience.
  - o Being a Regional Representative can require a lengthy multi-year commitment, which can make talented candidates balk, and make it hard for some institutions to support (especially smaller schools/institutions).
- *Size.*
  - o Maintaining the large Board and committee structure is costly to the Association.
  - o One-third turns over annually, requiring considerable time to orient new members, and losing continuity in decision-making.
  - o The large size does not promote frequent meetings, or nimbleness in addressing a changing environment.
  - o Board dynamics foster groupthink, politically correct behaviors, and predictability.
- *Role and responsibility.*
  - o Effective guidance of purpose, vision, and strategy is highly dependent on leadership experience/competency of Board members.
  - o Annual turnover of Board Chair (President) inhibits Association vision and strategy adaptation along with sustained goals/results analysis.
  - o Most meeting time is spent on reports, not on discussing mission, strategy or emerging opportunities.
  - o A given region's two Board members often vote the same on issues, stifling creativity, and principally serving the region versus the Association's interests.

- - Board is not proactive in fund raising activities, financial opportunities and enhancing public visibility.
    - Bylaws lack clarity and specificity on Board responsibilities, executive independence/responsibility in Association operation and management.
    - Board has not set policies on periodic reviews of the strategic plan, goals or effectiveness.
    - Inconsistent use of Business Plan Requests (BPR).
  - *External view*.
    - Board composition does not provide for external view of Association.
    - There is no clear guidance or consistency on how at-large members to the Board are selected, why, or what constituencies they could/should represent.
    - At-large members may not fully understand why they were selected or their role in representing their particular constituency or the Association overall.
  - *Communication.*
    - Structure does not ensure regular and effective communication to the general membership about Association decisions.

Opportunities

- *Selection process.*
  - Competency/experience based selection of Board members would aid the Association in monitoring external trends, opportunities, and threats.
- *Size.*
  - Less board turnover and smaller board size, even potential/ elimination of the Executive Committee, would reduce costs and staff resources.
  - Elimination of the Executive Committee would reduce redundancy.
  - Lower costs of maintaining current structure could be redirected. to more frequent Board meetings, or other value added Association activities
- *Effectiveness.*
  - Consistent use of the Business Plan Request would improve the alignment with the existing strategic plan, Board effectiveness in decision-making, and financial accountability.
- *Communications.*
  - Technology (e.g., podcasts, teleconferencing) would improve timely communication between the Regional leadership and members.

- There are alternatives to ensure good communication to Regions on Association mission and decision-making.
- *Experience.*
    - Use of retired members would promote greater Board involvement and experience.
- *Meeting frequency.*
    - More frequent meetings of the Board would promote responsibility and results of Association management, and quicker response to rapid changes.

Threats

- *Parochial interests.*
    - Board composition can lead to parochial interests, and not the well-being of the entire Association (Regional versus International, Large versus Small, etc.).
    - Potential for one region to monopolize or hold a majority of the Executive Committee seats, which could shift the Board's focus to a regions interest.
- *Inward focus.*
    - Lack of diversity in experience and competency since all Board members share similar professional responsibilities.
- *Size.*
    - Rising cost of maintaining the large Board and committee structure extract resources from other needs or opportunities.
- *Structure.*
    - Structure inhibits improved communication with Regions and members.
- *Consistency.*
    - Turnover inhibits sustained focus on emerging trends or strategic issues.
    - Turnover inhibits sustained focus on established strategic initiatives.
- *Micromanagement.*
    - Possible micromanagement of Association operation and the EVP's ability to take advantage of immediate opportunities.

4.4 SWOT Verification: Interview Summaries

To test the validity of these SWOT themes, the Governance Study Team interviewed all members of the Executive Committee in June 2019 and other members of the Board of Directors (Regional Reps and At-Large members) at APPA's 2019 Annual Meeting at Denver, Colorado in July. These interviews included incoming Regional Representatives as well as Regional Senior Representatives departing the Board. In total, the Study Team conducted 29 interviews, including interviews of the Executive Vice President, senior members of the management staff, and two industry representatives. The questions used throughout this interview process[9] focused on the following:

- Background demographics to determine the member's experience and basic knowledge of APPA's governance process.

- The member's understanding of the purpose and general support of the governance review.

- The member's understanding of the roles and responsibilities of the Triad, Executive Committee, full Board, and management staff.

- The member's opinion of the strengths and weaknesses of APPA's current governance structure.

- The member's opinion of the method and degree to which financial management and oversight is conducted.

- The member's opinion as to APPA's ability to be flexible, nimble, and quick to respond to ever-changing environmental forces.

- The member's observation of the degree to which the Board is focused on strategic issues and risk management.

- The member's observation of the level of expertise/experience represented on the Board and opinion as to whether the current selection process for Board members is effective.

- The member's observation and opinion as to whether the Board spends its time effectively and efficiently – both during face-to-face meetings and conference calls – and whether the Board conducts periodic reviews of its own performance.

Verification of the Original SWOT

Although there was not unanimous agreement among all those interviewed in all these areas, there was strong enough consensus to validate the main themes developed by the Study Team's SWOT analysis, specifically:

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[9] The full questionnaire is in the Appendix, Section 10.

- **Strengths**

    o The Board is stable, diverse, and geographically representative.
    o Members come with regional leadership experience, a desire to serve, and a passion for APPA.

- **Weaknesses**

    o The process for selecting people and obtaining volunteers for the Board and committees is struggling, as reflected in low voter participation, a required large time commitment, and the lack of defined qualifications for Board members.
    o Both the Board and the Executive Committee are large, which hinders the frequency of more effective face-to-face meetings, the flexibility to adapt and respond to rapidly changing environmental forces, and the ability to avoid parochial interests and stay productively engaged in strategic, forward-thinking discussions.

- **Opportunities**

    o Explore ways to place members on the Board with specifically-focused areas of expertise/competencies/experience, perhaps through an expanded use of At-large members, to help maintain a strategic focus.
    o Reduce redundancy, improve efficiency, and possibly reduce costs by shrinking the size of the Board and the Executive Committee.
    o Improve continuity by extending term lengths and reducing turnover.

- **Threats**

    o Potential for the high number of regional representatives on the Board to lead to parochial interests rather than broad, strategic issues.
    o Inability to respond nimbly to changing environmental forces.

Expanding the Original SWOT

While the Study Team's SWOT analysis was validated in these major areas (above), the interview process also produced some areas where the Study Team's SWOT analysis should be expanded:

- **Additional Weaknesses**

  o Members of the Board are not clear about the primary function of the Board or their specific roles and responsibilities as a Board member. The orientation of Board members seems inconsistent.

  o Members of the Board are frequently not well prepared prior to meetings.

  o The Board does not conduct periodic reviews of its own performance.

- **Additional Threats**

  o Ineffective marketing of APPA's value will gradually erode its attraction to potential member institutions.

  o The entire Board is not engaged regarding finances/fiduciary management.

  o The elimination of the elected Secretary-Treasurer position and outsourcing the staff CFO responsibilities may place too much responsibility on the EVP and undermine a healthy system of checks and balances.

  o Heavy reliance on the incumbent EVP's skills and leadership cause concerns about the ability to find a suitable successor.

4.5 Cost of Governance (Budget and Staff time)

APPA budgets for and tracks actual expenditures of governance-related operations, including general staff time and Executive Committee, Board, and Committee meetings. Two years ago, these expenditures totaled $1,038,028 or approximately 18% of that year's revenue. Through a combination of cost-cutting measures and an increase in revenue, that percentage has dropped to approximately 13% in FY 2019, with actual costs of $819,730 vs. revenues of $6,246,573. Of those total actual costs, $321,683 or 39% are attributed to staff time allocations.

4.6 Summary of Key Findings: Existing Governance Structure

- **Size.**
  o Both the Board and the Executive Committee sizes are large, probably too large.

- **Focus.**
  o The Board is more operationally focused than strategically focused.

- o It spends more time in a retrospective sense (reporting out) than on forward-focused strategies.

- **Efficiency.**
  - o Board meetings tend to be inefficient, with inconsistent use of consent agendas and a tendency to rush through critical agenda items.
  - o Inconsistent Board member preparation.

- **Meetings.**
  - o Periodic phone calls are not an effective means to engage Board members in discussions, especially strategic discussions.

- **Selection Process.**
  - o Current Board structure lacks specialized competencies necessary to address/contribute to strategic decision-making.
  - o The Board member selection/election process is not producing effective results.

- **Role and Responsibility.**
  - o Many Board members are not seeking clarity, or are not clear, on their roles and responsibilities.
  - o The Board is trying to handle too many concurrent issues/initiatives.
  - o Risk management and Board performance reviews are not priorities.
  - o Current Board structure does not provide adequate oversight/ engagement/checks/balances of fiduciary matters.

- **Parochial Interests.**
  - o Regional representatives to the Board view their principal role as being an advocate for their region, instead of being an advocates for APPA.

- **Criticality of the EVP Position.**
  - o A contingency/succession plan is needed for the EVP position.

- **Terms.**
  - o Presidential terms are too short to accomplish goals.
  - o Shifting priorities, created by the annual succession of Presidents, diverts attention from long-term strategic initiatives and may be adding to the growing list of concurrent issues/initiatives.

5. Review of Alternate Volunteer Governance Models

As a part of this study, the Governance Study Team conducted a literature review of the governance structures of nonprofit volunteer organizations. The findings in this review provide the foundation for the remaining sections of this report's analysis and recommendations. Through the research, it became clear that there are three general types of volunteer organizational structures:

- *Officers that are the Board of Directors*. An example of the first type is a local glider club that has a president, secretary and a treasurer. Leadership of this type of organization is provided by the officers with input directly from the members to the officers.

- *Officers, a Board of Directors and no paid staff.* An example of the second type might be a small local nonprofit educational organization. This medium sized organization will have officers and a Board of Directors with its activities directly carried out by volunteer members.

- *Officers, a Board of Directors and paid staff.* The third type might be a larger organization, such as a nonprofit that provides transportation for the elderly, with officers, a Board of Directors and paid staff to carry out the daily activities of the organization.

Within these broad categories, there are three basic structures of nonprofit organizations[10]:

1. **Functional Structure**. The functional structure (Figure 5-1) is a structure where each part of the organization has a specific purpose, such as marketing, membership, education, etc. The advantage of this type of structure is that the different functional areas have volunteers and perhaps paid staff with expertise in a particular functional area. The disadvantage of this type of structure is the potential for a lack of coordination and communication between departments.

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[10] Lorette, Kristie. Typical Organizational Structure of a Small Business (reviewed by Michelle Seidel, BSC, LL.B, MBA, updated March 4, 2019). https://smallbusiness.chron.com/typical-organizational-structure-small-business-4895.html

President, VP, Secretary, Treasurer					
Marketing		Membership		Education	
Volunteer Members		Volunteer Members		Volunteer Members	
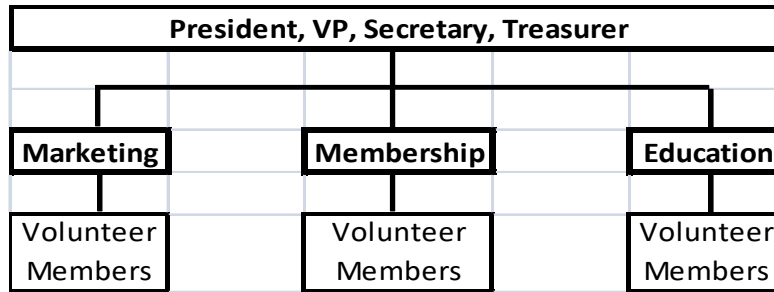
Figure 5-1

2. **Divisional Structure.** The divisional structure (Figure 5-2) is typically used for larger organizations that cover a wide geographical area with smaller divisional structures under the larger group. The advantage is that the smaller organizational divisions can meet specific needs within their geographical region. The disadvantages are that communication coordination may be difficult, it can be more costly to operate, and the smaller divisional areas may have conflicting priorities and needs from that of the overall organization.

Board of Directors				Executive Director
Representatives Selected by Regional Boards				Paid Staff
Region 1 B.of Dir.	Region 2 B. of Dir.	Region 3 B. of Dir.		
Volunteer Members	Volunteer Members	Volunteer Members		
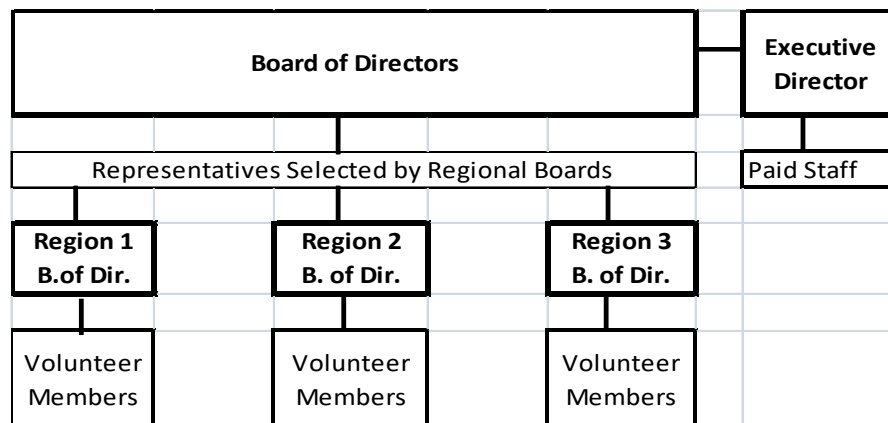
Figure 5-2

3. **Matrix Structure**. The third type of structure, the matrix structure (Figure 5-3), is a combination of the functional and divisional structures. In this type of structure subgroups are assigned to a specific area to achieve a common goal. For example, personnel with expertise in each of their functional areas are assigned from a marketing group, a design group and a production group to develop a product. The advantage of this type of structure is that expertise is provided by volunteers or staff with talents in the required areas. The disadvantage of this type of structure is that the members of the team from these different groups may have different priorities that make it difficult for the team to be productive.
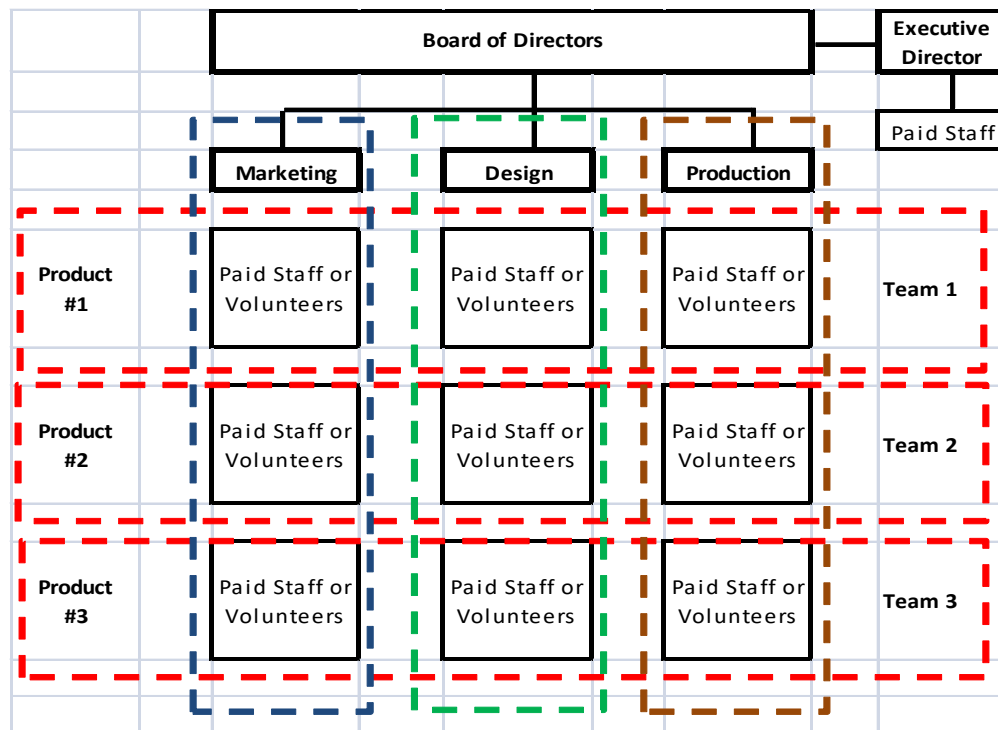
Figure 5-3

The type of organizational structure for a nonprofit will depend upon the mission, and consider such things as how funds are provided, if there are paid staff and how they are used, the role of the officers, the board of directors, the executive committee and the involvement of the volunteer members. While the actual structure may or may not include these common elements, there are generally five major components of a nonprofit organization[11]: a board of directors (and officers), members, committees, volunteers and paid staff. How the members of these groups are determined and the roles they are assigned result in the creation of different organizational structures to meet the specific goals and objectives of the organization.

1. **Board of Directors (and Officers)**. The minimum size of the board of directors is normally set by state regulations.[12] The members of the board of directors may be determined in a number of different ways. For example, they may be elected by the membership directly, they may be invited by the officers of the organization or they may be representatives from the subdivisions of the organization. There are advantages and disadvantages of each of these types of membership selection. If the board is elected by the membership, the membership may feel that they have greater ownership in the leadership direction provided by the board. However, this may be a popularity contest and not necessarily provide the type of expertise that the

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[11] Markgraf, Bert. Organizational Structure for Non-Profits for a Volunteer Organization
https://smallbusiness.chron.com/organizational-structure-nonprofits-volunteer-organization-66067.html
[12] This is not the case for APPA.

organization needs at the board level. If the board membership selection is by the officers of the organization then there is a stronger possibility that the selected members will bring the type of expertise that is needed to guide the organization. However, this selection process may disenfranchise the membership and could turn it into a "good old boys club." If the board membership consists of members provided by the subdivisions of the organization then it is more likely that the subdivisions, and thus their membership, will have greater ownership in the board's leadership direction. However, this process may create a board with greater parochial interests and less of a focus on the overall organization's needs. Also, this form of membership appointment may not provide the expertise needed by the organization.

Officers of the organization usually provide leadership of the board. Officers are elected in a number of different ways. They may be elected by the membership directly, they may be selected by the board of directors, they may be elected by the board of directors, they may be provided by the subdivisions of the organization, or any other number of ways.

An experienced board of directors, and its officers, can provide strategic guidance, valuable contacts and resources to the organization. While boards are responsible for providing overall strategic direction for the organization, boards of successful organizations are not involved in the day-to-day operational decisions.

2. **Members.** It is not necessary that a nonprofit organization have members. It may consist of only the officers required by state law. However, larger organizations usually have members upon which they can draw volunteers for various activities. In general, the by-laws of an organization usually define who is allowed to be a member. The organization can open its membership to anyone or restrict it to people with certain qualifications or qualities. The organization's bylaws usually outline the rights, privileges and roles of the members.

3. **Committees.** Committees are the means by which nonprofit organizations carry out many of their activities. Committees may be created by the organization's bylaws, by the board of directors or by the officers of the organization. These committees may be permanent in nature or temporary, created to meet a specific need. Permanent or standing committees normally have a member of the board of directors leading it, and volunteers carrying out the work, with the help of the staff, if there is a paid staff. The work of the committee is reported back to the board of directors through the board member. One form of a committee, that has been common among nonprofit organizations, is the executive committee. Though not all organizations have executive committees, this committee usually consists of the officers of the organization. If there is an executive committee, its role varies among

organizations. For example, its role may be something as simple as providing preliminary review of proposed programs to as broad as identifying strategically important issues to bring forward to the board. The advantages of having an executive committee are that it can be, with its smaller membership, more nimble and flexible in addressing issues. The disadvantages are that operating a separate executive committee adds expenses to the organization and requires additional time commitment of the volunteer officers. It often results in duplicative effort with the executive committee meeting to discuss issues and then immediately following, in the board meeting, discussing the same issues again. Also, a strong executive committee may make decisions that the board of directors feel they have to adopt, thus precluding debate. While many established organizations with large boards have executive committees, the trend is in the opposite direction. The Korn Ferry International/Patrick O'Callaghan and Associates[13] latest benchmarking study reported a significant decline in Executive Committees from 56% of organizations having an executive committee in 1995 to only 9% in 2007.

4. **Volunteers.** In a nonprofit organization, volunteers are used to implement some of the activities of the organization. Volunteers can be a part of a permanent or standing committee or a temporary committee and can become a member by unsolicited volunteering, by appointment or elected. Volunteers may be part of committees that report directly to the board of directors, to an officer on the board of directors, or in some cases, to the executive director or chief paid officer of the organization.

5. **Paid Staff.** Larger organizations will hire staff to carry out the activities as directed by the board of directors. The staff are led by an executive director (most common title) or executive vice president, generically known as the chief paid officer. The executive director is normally an ex-officio, non-voting member of the board of directors and is the liaison between the board of directors and the paid staff. The board of directors normally appoints the executive director. Often the executive committee conducts the search for an executive director, with a recommendation provided to the board of directors. The paid staff carry out the daily activities required to implement the programs and policies of the board. The executive director oversees the activities of the paid staff and is responsible for oversight and management of the paid staff and meeting the budget as set by the board. The executive director usually reports directly to the board or the chief elected officer (president or chair of the board) and works closely with them to provide information and suggestions to develop solutions for the more complex issues facing the organization. The executive director may also represent the organization to external entities such as other nonprofits, businesses or

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[13] The Conference Board of Canada (Corporate Sector Results) and Patrick O'Callaghan & Associates, and The Canadian Co-operative Association and Brown Governance Inc. Co-operative Sector Research 2007.

government. They may develop personal relationships with other nonprofit leaders looking to develop opportunities to address common issues or to create formal partnerships to be recommended to the board.

The resulting organizational structure can be a very simple one or a very complex one. A simple organizational structure might be one as shown in Figure 5-4 and Figure 5-5.
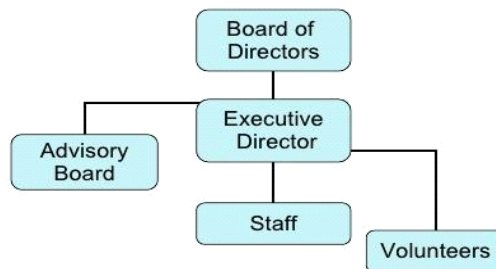
Figure 5-4

Figure 5-5

Or, the organizational structure may be as complex as shown in Figure 5-6.
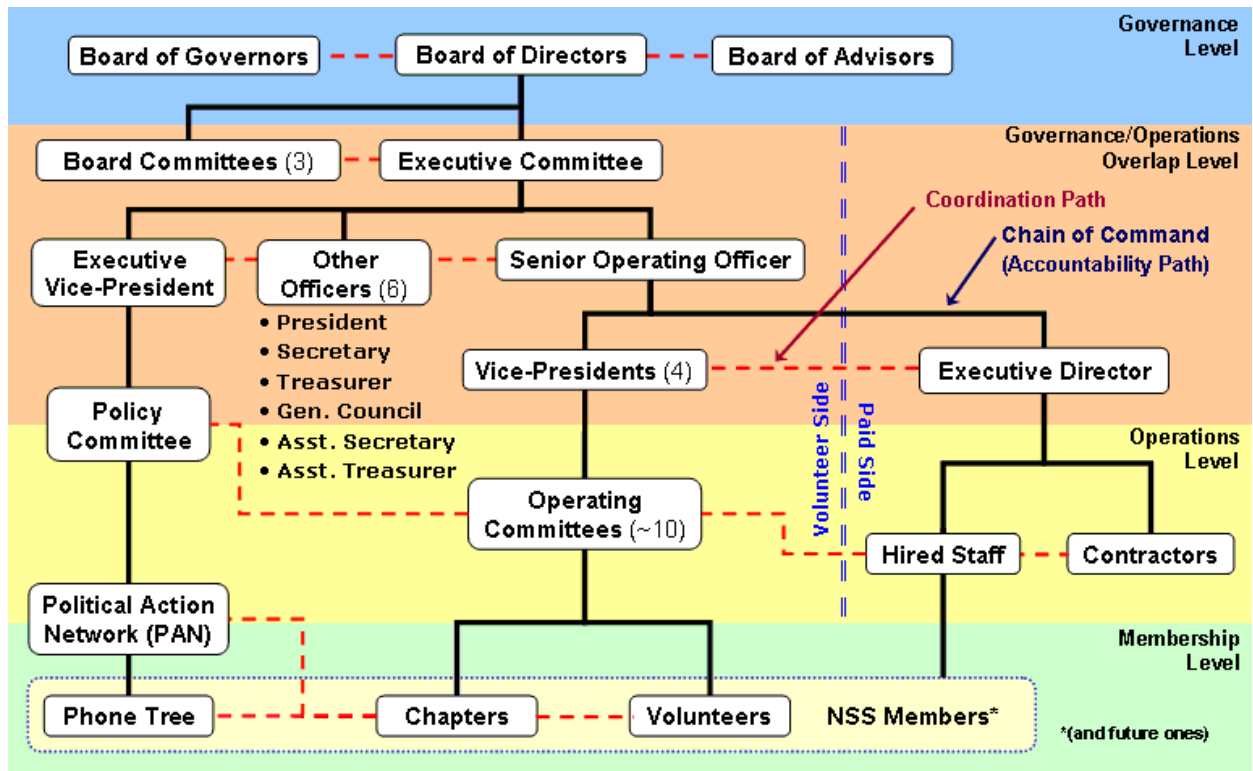
Figure 5-6

A very common structure for larger organizations is shown in Figure 5-7.

Sample Board Structure
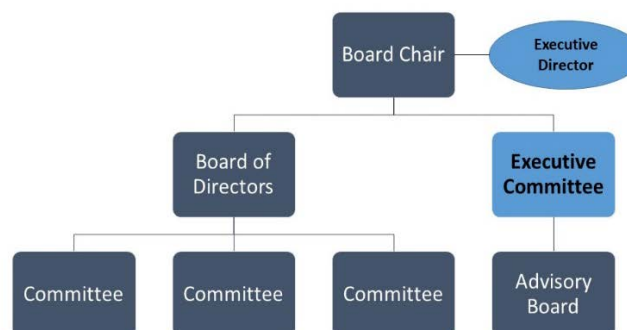
Figure 5-7

In Figure 5-7, you can see the addition of an executive committee and an advisory board. Executive committees usually consist of the officers of the organization and meet more often than the full board of directors. The role of the executive

committee is normally defined in the bylaws of the organization. Since the executive committee usually meets more often than the board, it allows the organization to meet the needs of the organization more expeditiously. Advisory boards are usually set up to provide particular expertise required by the organization that is not available in other areas of the organization. While Figure 5-7 shows the advisory board reporting to the executive committee, the advisory board might report directly to the board of directors or, in some cases, to the executive director. In addition, this diagram shows the executive director reporting directly to the head of the board of directors. An alternative to this reporting relationship is that, in some organizations, the executive director reports directly to the board of directors. The disadvantage of this type of relationship is that there may be confusion about who gives the executive director direction.

In summary, nonprofit volunteer organizations are structured in a number of ways depending upon the goals and objectives of the organization. These structures are the most common, and have been reported[14] to be the most successful in meeting the needs of the nonprofit volunteer organization sector.

As a result of this review, the Study Team developed the following list of questions:

- Is there a need for the organization to be quick and adaptive to internal and external environmental issues?
- Is it important to provide close relationships with the members and that members have a strong role in providing direction?
- Is it important that the leadership of the organization consists of "knowledge experts" to provide guidance?
- Where should the strategic direction of the organization and implementation of the mission come from?
- How important are the communication processes between the various parts of the organization?
- How does the organizational structure affect quality, reliability and costs of running the organization and delivering its product?
- If the organization needs special expertise, should the organizational structure provide a method that ensures the Board of Directors has that expertise or should the structure include an Advisory Board? (If yes, then to whom should that Advisory Board report?)
- If production of the organization's products is suffering due to time constraints of the volunteers, should there be paid staff to support that organization's mission?
- From a governance standpoint, if costs to lead the organization are high, should there be fewer meetings of the Board of Directors, should the size of the Board of Directors be reduced or should there not be an Executive Committee?

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[14] https://www.councilofnonprofits.org

- If the organization is slow and cumbersome in adopting necessary changes should an Executive Committee be empowered to address the critical issues?

As noted in the opening paragraph of this section, the alternative governance models identified in this review (the functional model, divisional model and the matrix/hybrid models) provide the foundation for the development of the report's analysis and recommendations.

6. Review of Non Profit Association Governance

6.1 Identification and Selection

In order to understand how the various governance models discussed in the literature review above are applied to specific real world organizations and the cost-benefits of each, the Governance Study Team undertook a review of non-profit association governance. At first, the Study Team decided to look at the application of the models regardless of the industry. However, after discussion with APPA's Executive Committee, the Study Team determined that it should narrow that approach by looking at other associations serving higher education, since such associations would confront many characteristics and constraints that are unique to the sector APPA serves.

APPA is a member of The Council of Higher Education Management Associations (CHEMA), and this membership list helped identify a group of associations to contact to find out whether they would be willing to participate in interviews and data collection pertaining to their governance structure. All of the nonprofit organizations are national in scope and are principally involved in serving managerial, support, or auxiliary functions within higher education institutions. The Executive Vice President contacted the associations, and nine agreed to participate in APPA's governance study. These nine represent almost a quarter of the total of CHEMA's member institutions:

ACUHO-I	Association of College and University Housing Officers International	www.acuho-i.org
CAUBO	Canadian Association of University Business Officers	www.caubo.ca
CUPA-HR	College and University Professional Association for Human Resources	www.cupahr.org
EDUCAUSE	Transforming Education through Information Technologies	www.educause.edu
NACUBO	National Association of College and University Business Officers	www.nacubo.org
NACUFS	National Association of College and University Food Services	www.nacufs.org
NASPA	Student Affairs Administrators in Higher Education	www.naspa.org
SCUP	Society for College and University Planning	www.scup.org

6.2 Interviews

The first step in undertaking a review of other non-profit governance approaches was to collect information on each association's membership demographics, budget, bylaws, staff, and leadership. This was accomplished by accessing information on their websites and through direct email communication.

The second step was to collect information specific to their governance structure and processes. In order to ensure that the same information was collected from each association, the committee developed a 23-question survey[15]. Interviews were then scheduled with the associations' chief executive officers on June 4 and 5, 2019. The same questions were asked of each CEO, with each member of the Governance Study Team taking notes. The notes were then collated into a single documented response to the questions. If a discrepancy between the notes had occurred, it was the intent of the Study Team to conduct follow-up clarification. Fortunately, this proved unnecessary.

The background data collection and the results from the interviews[16] were used to complete a comparison matrix. The associations are identified as "Association A thru J." This matrix was then used to develop the Study Team's key findings and cost comparison.

6.3 Summary of Governance Models used by Higher Education Non-Profit Associations

At the outset the Governance Study Team believed (mistakenly) that APPA would fall somewhere within a range of approaches to governance. The Study Team reasoned that given APPA's similarities to the mission of other associations, it would share similar governance characteristics, and, therefore, the Study Team would only have to "bookend" those approaches for APPA's leadership. However, that did not prove to be the case. After interviewing the other nine associations, it became apparent that in fact, APPA was one of the bookends.

To better explain this, it is necessary to provide an understanding of the models most often used in governance, as explained in Section 5, Review of Alternate Governance Models. In the review of the research, three basic models were identified, the Functional, the Divisional, and the Matrix. In comparison with the nine other governance models, the Study Team found that APPA was more typical of the Divisional, while the other associations better fit into the Functional or Matrix

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[15] The survey is included in the Appendix (Section 10).

[16] All interviews were conducted with the pledge of confidentially. Thus, while the interview notes are available for inspection, information identifying the association and individuals will be redacted.

categories. Keeping the models clearly in mind proved difficult until the Team decided to rename and describe more accurately these three governance models:

1. **Competency-based structure** (Functional). In the Competency structure, board members are selected solely based on their experience and knowledge of specific areas required by the organization to achieve its mission.

2. **Representational-based structure** (Divisional). In the Representational structure, board members are selected to lead specific programs or geographical interests.

3. **Hybrid structure** (Matrix). In the Hybrid structure, there is a mixture of the two other structures, using a matrix approach in guiding the organization.

The nine non-profit organizations that the Study Team interviewed fell into either the Competency-based or the Hybrid-based models. These are described in Figure 6-1: Non Profit Governance Structure (a larger version is in the Appendix, Section 10.6).

APPA Governance Task Force Study

Non Profit Governance Structure

Feature	Description	Competency-Based Board Competency based selection focusing on current strategic initiatives and required expertise.	Hybrid Board Geographic representation is retained but reduced in number. At-large and technologic representation is increased to bring a wider perspective and specialized expertise to setting strategic directions.
Board Size	Number of actual Board of Directors	9 to 12	12 to 22
Board Composition	The make-up of the BOD and the basis for a position on the Board.	Board members selected based on knowledge, experience, and expertise .	A combination based on Knowledge/Experience/Position with a portion of elected members and appointees.
Board Role	The primary function and responsibilities of the BOD itself.	Strategic	Strategic
Board Meeting Frequency	Includes both face-to-face and teleconferenced meetings.	4 to 8 Three to four are face-to-face.	4 to 8 Three to four are face-to-face.
Executive Committee	Smaller group meeting more frequently to set agendas and make minor decisions that are time sensitive.	Yes, maximum 4 to 6 members	Yes
Title for Chief Paid Executive	Job title for the non-volunteer chief paid executive.	President or CEO	President or CEO
Board Nomination/Selection Process	How positions are filled and candidates identified.	By Board nomination of a slate of candidates for member vote.	Nominating Comm. is combination of elected and nominated positions. Slate voted on by members.
External Directors	BOD members that may not be APPA members and bring external	Yes	Yes
Board Committees	Governance committees comprised of only BOD members.	Executive, Finance/Audit, Nomination	Executive, Finance/Audit, Nomination
Board Term of Office	The term of service for which BOD member may be elected, appointed, or serving based on position.	Rotating, staggered, 2 to3 years. Allows reappointment to max. 6	Rotating, staggered, 2 to3 years
Program Management	Who directs program deliverry?	Staff	Staff
Regional Representation	Board based membership based on positions related to geographic regions.	No	Regional representatives nominated by region through succession or appointment.
Members Elect.....	Those positions elected by vote of the membership.	Board	Board and officers
Cost of Governance	A cost ratio of governance cost as a percentage of total revenue.	Lower due to reduced Board size	Lower due to reduced Board size
Continuity of Association Leadership	Staggering of terms and appointments to insure sustained function of the board and ongoing commitment to the strategic plan.	Succession for presidential triad, staggered terms for BOD members .	Succession for presidential triad, staggered terms for VP's, other elected BOD members.
Future Direction of Organization	Who sets direction for the organization?	President and CEO	President and CEO

Figure 6-1

6.4 Cost Comparison

In order to gauge the relative expense of various governance structures, the Study Team attempted to collect cost-of-governance information from the nine associations. Besides APPA, only four associations kept track of this information. For the rest, the cost of supporting board activities was included in the overall cost of general administration. For the four, it was unclear if staff time or committee time was included. As a percent of total revenue, the four reported a range of 2.74 to 10 percent, with a mean of 6.2%. APPA's total expense is 13.1%, and 8% if only direct costs (excluding staff time) are reported.

The cost of governance is a factor in evaluating cost-benefit. Every dime spent on governance is a dime that could be spent on association member programs. Therefore, board efficiency in fulfilling its responsibilities is something that warrants the board's attention, and should be monitored, as are all programs.

There are two types of costs related to governance. First are the direct costs. Those are related to compensating the board of directors (if done) as well as the costs of meeting, including lodging, transportation, meals, etc. The second are the indirect costs. Those costs include the amount of staff hours spent to prepare for board meetings, collecting and preparing information for the board, and pursuing initiatives requested by the board. Again there is an opportunity cost related to these activities, since staff time is a real cost to an association.

Since direct apples-to-apples governance cost comparison was not possible, the Study Team examined an indirect measure of board efficiency, a measure of meeting time equivalent (MTE). Because governance expense has a direct correlation to the number of times a board meets, including its committees, the Study Team compared the MTE for each association, which is the number of board members times the number of times they meet. To provide an example of how this can be used: if an association has 10 board members and they meet face-to-face four times a year, the MTE is 40. On the other hand, if an association has 20 board members and they meet twice a year, the MTE is also 40. Since the MTE is the same in both instances, one can then ask the question: Is it more valuable to the association to have a smaller board that can spend more time on oversight and monitoring results?

As a result of this analysis, the Governance Study Team found a range of 27 to 66 MTEs for the nine associations. The median was 44. APPA's MTE is 60. The two associations with a higher MTE had boards near the size of APPA's but held three board meetings per year. Therefore, APPA s less efficient in its use of governance-related resources.

6.5 Summary of Key Findings

The Governance Study Team drew the following conclusions about board demographics, executive committees, and organizational guidance/trends from the review of the nine non-profit higher education associations.

- **Board Demographics**

    o *Board size*: Including the chief executive officer, all nine associations have smaller boards than APPA. They ranged from 9 to 22, with a median of 15.

    o *Board Meetings*: Eight of the nine boards meet at least three times per year, and up to six, if teleconference meetings are included.

    o *Board Selection*: Eight of the nine used a nominating process to submit a single slate of officers and board members for election by the membership. Only one other association had an APPA style run-off election for officers.

    o *Board Composition*: All nine retain all or a portion of their board and leadership positions based on experience and knowledge of a specific specialty, such as marketing, legal, finance, strategic planning, or learning. Five of the associations that still have regional representation indicated that it was not an ideal way of selecting board members. As one CEO put it, "The question is not who wants to run but who can govern." In addition, seven of the nine do not restrict board membership to members only.

    o *Board Terms*: Of the nine associations, seven have 3 to 4-year terms for board members; the median was 3.5 years. Two other associations allow reappointment for between 4 and 6 years.

    o *Board Focus*: All nine associations have shifted the primary responsibility of the Board away from operational issues to strategic priorities and emerging issues.

    o *Board Committees*: All nine associations have standing committees of the board. The range was from two to seven, with a median of three. Committees were most often Executive Committee, Finance/Audit, and Nominations. None of the nine had program focused board committees, all were functional.

    o *Board Officers*: All nine had board officers, elected by the membership. The range was three to four officers, with a median of four. APPA has

seven. The title for the chief board officer was either chair or President. Six of the nine had an elected secretary/treasurer.

- o *Board Cost*: Not all of the associations tracked the cost of governance, but four of the nine reported a lower cost of governance (as a percent of total revenue), though there was no way to determine to what degree the total cost, including staff time, was reported.

- **Executive Committees**

  - o *Size*: All nine associations used an executive committee, ranging from four to eight members, with a median of four. APPA has 10.

  - o *Role*: The predominant role of the executive committee is to set agendas for the full board meetings, act on finances, handle quick response items, and act as a sounding board to the CEO.

  - o *Meetings*: All the executive committees met with the CEO from 6-12 times per year, split between face-to-face and teleconference meetings.

  - o *Composition*: All of the executive committees consisted of the elected officers.

- **Organizational Guidance/Trends**

  - o *Executive Staff Officer:* Eight of the nine associations use the title President or CEO for their chief paid staff executive.

  - o *Program Management:* None of the associations use volunteer-led program planning, direction, and execution. All use staff-led program management. The most common reasons given were the ability to hire staff with direct experience in managing specific programs (such as education, conferences, publications, public policy, membership/marketing, etc.), continuity in program development and management (no whipsawing on changing interests), and the difficulty in finding volunteers with time and interest in "another job." If used, volunteer committees are advisory to the staff program leader.

  - o *Strategic Direction*: Changes in strategic direction or priorities are most often initiated by the CEO with collaboration from the board. Seven of the nine associations undertook a shift in direction in the last five years.

- *Strategic Planning:* All nine associations have a strategic plan or strategic priorities. The boards work with their CEO to set annual goals and to evaluate actual results.

- *Governance Structure:* Five of the nine have undertaken a restructure of their governance in the last eight years. All nine have moved toward a competency-based model. The time to transition from one structure to a new model was two to three years.

- *Volunteer Involvement:* A trend is to utilize task forces and work groups for specific initiatives in lieu of standing committees. One interesting application was the use of volunteers to lead practice area interests. For APPA this might mean practice groups around such areas as Planning, Design and Construction, Administration, Maintenance, Utilities, etc.

- *Board Performance:* Only one association's board actually conducts a self-evaluation of their performance. However, all the CEOs thought this was a good idea.

- *Regional Representation:* Six of the nine associations have eliminated or reduced regional representation on the board. Those that retain it indicated that it was an artifact from their association's history, but felt there were more effective ways to protect regional interests and involvement.

- *Finance:* Seven of the nine have a Finance/Audit committee of the board. Eight of the nine have a person acting in the role of a chief finance officer (CFO). The role of the CFO is not only to report to the board committee on financial performance, but to also involve the board in financial planning/forecasting.

From this comparison, the Governance Study Team concluded that APPA is at one end of the spectrum of governance models that are used by the other nine higher education non-profits interviewed.[17]

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[17] For those statistically inclined, for a confidence level of 95%, the nine members of the 44 CHEMA Associations that were interviewed produces a confidence interval of 28%.

7.0 Analysis of Governance Alternatives

7.1 Governing Board Responsibilities

The success of an organization is dependent upon an effective governance board. Effective governance has the following characteristics: it is efficient, allows a respectful discussion of conflicting ideas to be discussed, and it is strategically focused on how effectively the interests of its members are being represented and met.

The board has three primary roles: to establish policies, to make significant and strategic decisions, and to oversee the organization's activities and performance. Within these broad roles, the board has numerous responsibilities: it oversees management, finances, and quality; sets strategic direction; builds relationships, establishes ethical standards and values; and ensures compliance. Broadly speaking, these responsibilities are met through policy-making, decision-making and oversight.

- **Policy Making.** In order to fulfill the two roles of decision-making and oversight, policies define focus and differentiate responsibilities among the board, the executive committee and the staff. Policies that are well written will lead to a more effective and efficient board. Board level policy should be reviewed on a regular basis by the board. Policy review or proposed new policies may be brought forward to the board by any member of the association.

- D**ecision Making**. Decision making is not about operational issues, but involves making forward-looking choices about the organization's vision, mission and strategies. The board should be making decisions about broad issues that are future-focused, strategic and significant. The board should delegate non-governance types of decisions to others, as appropriate, and provide oversight.

  The strategic plan is an important guiding tool for the association. While the strategic plan may be developed by staff, third-party expertise, association leadership or the executive committee, it is the board's responsibility to accept or modify the strategic plan. It should be noted that a strategic plan that is developed around the parochial expectations of individual members, or the areas they represent, is not a strategic plan that will serve the association well.

- **Oversight**. Oversight is an important function; the board is legally responsible for everything that happens within its association. However, a board should not be involved in "daily" management decisions. Boards must

remember that the organization is theirs to oversee, not to manage.

In many associations, board committees play an important role in the governance process and it is appropriate to delegate oversight functions to these committees. It is the board's role to periodically review the structure and functions of the committees to ensure that they are fulfilling their appropriate roles. It is also important that the board periodically review its own structure, looking at size, method of selection, bylaw provisions, etc.

Financial oversight is a key role that the board must do well. However, this does not mean that the board is involved at the accounting level. For example, the board should ensure the use of proper financial controls, ensure that funds are prudently invested, and provide policies on contracting and budgets, to name a few. There may be additional financial oversight that is appropriate, depending upon the organization's needs.

Ethical standards are defined by the board's behavior and should be overseen by the board. Through its actions, the board establishes how the board and the association is viewed. It sets the standard for behavior that will or will not be tolerated within the board and outside of the board, including the organization's behavior towards compliance.

In summary, through its strategic direction and oversight of management functions, the board, provides the governance that is needed for an association. The effectiveness of this governance is dependent upon the qualities and abilities of the board to stay focused on the larger view and to not become bogged down in the minutiae of daily operations. Remaining focused on the three primary roles of establishing policy, strategic decision-making and oversight (not management) of the association, and associated responsibilities, will ensure an effective governing board.

7.2 Comparison with Existing APPA Governance Structure

Generally, governance structures have many complexities, due to the interacting elements of representation and leadership. The purpose of having a board of directors is to represent the interests of shareholders (in the case of associations, the members) in the management of the organization. In other words, boards seek to insure management protects the interests of the shareholders, not themselves.

"Management proposes, Board disposes." Active and informed boards look at reality, not just what they are told is reality. In the face of major shifts in technology, regulation, society, economics, politics, boards understand that the organization must be able to make rapid and timely adjustments, or risk the organization's very existence. Examples include Eastman Kodak, Sears, Blockbuster, and Xerox, to name a few.

APPA's governance has worked very well over its history, but it too has had many modifications, the latest in 2015 and 2018. This is a healthy sign of an organization willing to make adjustments as its environment changes.

The recent SWOT analysis of APPA's current governance structure raised the question whether there were governance alternatives that could reduce its weaknesses and threats while enhancing its strengths and opportunities. The review of the literature and the analysis of the other higher education non-profits suggested "yes." Unfortunately, there would be no bandages to achieve this; it would mean no less than major surgery.

The following exploration and comparison is presented in chart form, in order to better visualize the differences in governance models, both in the structure for APPA as well as the impact on the roles and responsibilities of the Board.

Application of Competency-based & Hybrid Models

Since there are so many variations in the three basic models of governance (representational, competency-based, and hybrid, see Section 6.0) the Study Team decided to create hypothetical models of the two alternatives in order to compare them with APPA's current governance structure. These hypotheticals were not created by people without experience in APPA, but by five people who have served APPA for many years. They are realistic alternatives, developed with an understanding of the culture and history of the association. However, they are also not concrete proposals. The Study Team believes they could possibly work for APPA, but they are summarized here only for the purposes of analysis and comparison. The competency-based and hybrid governance models, when applied to APPA are represented in Figure 7-1 (a larger version is in the Appendix, Section 10.7 Figure 7-1: Comparison of Non Profit Governance Models with Current APPA Structure.)

Comparison of Governance Options with Current APPA Structure		Base Option	Option "A"	Option "B"
		Current APPA Governance	Competency Based Board	Hybrid/Matrix Board
		Current structure is maintained with recent changes to committee structure and program assignment.	BOD moves from geographic representative model to competancy based selection focusing on current strategic initiatives and required expertise.	Geographic representation is retained but reduced in number. At-large and technologic representation is increased to bring a wider perspective and specialized expertise to setting strategic directions.
Feature	**Description**	**Comparison of Attributes**		
Board Size	Number of actual Board of Directors members.	23	9 to 12	12 to 22
Board Composition	The make-up of the BOD and the basis for a position on the Board.	A combination of elected members and regional representatives.	Board members selected based on knowledge, experience, and expertise .	A combination based on Knowledge/Experience/Posiition with a portion of elected members and appointees.
Board Role	The primary function and responsibilities of the BOD itself.	Primarily operational.	Strategic	Strategic
Board Meeting Frequency	Includes both face-to-face and teleconferenced meetings.	2 to 8 Two are face-to-face.	4 to 8 Three to four are face-to-face.	4 to 8 Three to four are face-to-face.
Executive Committee	Smaller group meeting more frequently to set agendas and make minor decisions that are time sensitive.	Yes, 10 members	Yes, maximum 4 to 6 members	Yes
Title for Chief Paid Executive	Job title for the non-volunteer chief paid executive.	Executive Vice President	President or CEO	President or CEO
Board Nomination/Selection Process	How positions are filled and candidates identified.	Past President and Senior regional representatives act as nominating committee for member vote.	By Board nomination of a slate of candidates for member vote.	Nominating Comm. is combination of elected and nominated positions. Slate voted on by members.
External Directors	BOD members that may not be APPA members and bring external perspectives to the board. Promotes	Discretionary At Large members only (max 2)	Yes	Yes
Board Committees	Governance committees comprised of only BOD members.	Executive, Finance, Nominations, By-Laws	Executive, Finance/Audit, Nomination	Executive, Finance/Audit, Nomination
Board Term of Office	The term of service for which BOD member may be elected, appointed, or serving based on position.	3 years for elected members. 2 years for regional reps and others.	Rotating, staggered, 2 to3 years. Allows reappointment to max. 6 years.	Rotating, staggered, 2 to3 years
Regional Representation	Board based membership based on positions related to geographic regions.	Junior and senior representatives for each of 6 regions including the vice chair. Represented on theExec. Comm by the regional chair and vice chair.	No	Regional representatives nominated by region through succession or appointment.
Members Elect.....	Those positions elected by vote of the membership.	Presidents, VP's	Board	Board and officers
Cost of Governance	A cost ratio of governance cost as a percentage of total revenue.	11%	Lower due to reduced Board size	Lower due to reduced Board size
Continuity of Association Leadership	Staggering of terms and appointments to insure sustained function of the board and ongoing commitment to the strategic plan.	Succession for presidential triad, staggered terms for VP's, succession of regional representatives.	Succession for presidential triad, staggered terms for BOD members .	Succession for presidential triad, staggered terms for VP's, other elected BOD members.
Future Direction of Organization	Who sets direction for the organization?	President and EVP	President and CEO	President and CEO

Figure 7-1

Board Responsibilities and Governance Models

Since the SWOT revealed several weaknesses in the current governance structure, the Study Team used the hypothetical alternatives to analyze what impact those models would have on achieving the Board's responsibilities. While judgment is always subjective, the Study Team notes that its analysis is based on over eight months of study, with no initial bias or preference in mind. This comparison is presented in Figure 7-2 (a larger version is in the Appendix, Section 10.8 Figure 7-2: Comparison of Basic Board Responsibilities for Governance Models) . In order to visualize better the possible effect, the chart is color-coded:

Color Key
Meets Basic Responsibilities
Partially Meets Basic Responsibilities
Does Not Meet Basic Responsibilities

APPA Governance Task Force Study			Color Key	
			Meets Basic Responsibilities	
Comparison of Basic Board Responsibilities for Governance Models			Partially Meets Basic Responsibilities	
			Does Not Meet Basic Responsibilities	
		Current APPA Board	**Competency Based**	**Hybrid/Matrix**
		Current structure is maintained with recent changes to committee structure and program assignment.	BOD moves from geographic representative model to competency based selection focusing on current strategic initiatives and required expertise.	Geographic representation is retained but reduced in number. Competency-based representation is increased to bring a wider perspective and specialized expertise to setting strategic directions.

Comparison Criteria

	Description	Alignment Comparison Against Criteria		
Basic Responsibilities				
Determine Mission and Purposes	Board creates mission, vision, and values for the organization.	Strategic plan development primarily by CEO and Presidents. Board members provide comments and feedback. Adoption of Plan by Board vote.	BOD is heavily involved in updating the mission statement and is developing downstream changes needed to implement the mission.	BOD includes non- competency based members that may not have prior board or governance experience.
Select the Chief Executive	Final selection of candidates is by BOD vote.	BOD will vote on candidate recommended by recruiting committee.	BOD will vote on candidate recommended by recruiting committee.	BOD will vote on candidate recommended by recruiting committee.
Support and Evaluate the Chief Executive	Regular evaluations of CEO performance by Presidents based on strategic and programmatic goals set by the board. Performance reported to BOD.	Conducted by Presidents. Recent involvement of Executive Comm and feedback to Presidents. Only general reporting to BOD.	Greater focus on evaluation of Executive performance. More input by entire BOD.	Greater focus on evaluation of Executive performance. More input by entire BOD.
Ensure Effective Planning	Both strategic and operational planning takes place at appropriate frequency and provides a clear path of directions, programs, and priorities.	Dependent on initiatives by VP's and by President.	Based in knowledge of qualified staff. Improved by competency baed BOD members.	Based in knowledge of qualified staff. Improved by competency baed BOD members.
Monitor and Strengthen Program and Services	Methods are inplace to gauge the strength of programs and services to ensure that goals are being met or to determine remedies.	Volunteer managed programs. Competing priorities.	Staff managed programs. Clear lines of responsibility. Higher level of expertise from BOD. Strategic focus by BOD.	Staff managed programs. Clear lines of responsibility. Higher level of expertise from BOD. Strategic focus by BOD.
Ensure Adequate Financial Resources - Budgeting	Budgeting and financial resources to support initiatives and on-going programs. Resources are aligned with strategic goals.	Inconsistent use of the BPR for funding requests. Dependent on leadership. Overspending on governance.	Budget impact evaluated for all initiatives. BPR utilized. Cost of governance metric monitored and reported.	Budget impact evaluated for all initiatives. BPR utilized. Cost of governance metric monitored and reported.
Protect Assets and Provide Financial Oversight	Financial oversight and reporting supports decisions. Monitoring and evaluation provides feedback on performance and success. Risk management is in place and functional.	Highly dependent on the EVP due to the absence of the Treasurer position. Financial oversight good. Limited understanding and involvement by regional board members.	Dedicated Board officer for financial reporting. Treasurer position to provide financial reporting, strategic financial direction & planning.	Dedicated Board officer for financial reporting. Treasurer position to provide financial reporting, strategic financial direction & planning.
Build a Competent Board	Board membership is adjusted to support current strategic initiatives and to provide a diversity of perspectives.	Members based on regional progression and election of officers.	Competency based member selection.	Partial competency based member selection.
Ensure Legal and Ethical integrity	Transparency and consultation insure that the BOD is acting appropriately.	Oversight by BOD.	Oversight by BOD.	Oversight by BOD.
Enhance the Organization's Public Standing	Member and peer feedback is sampled and evaluated to support adjustments in programs and services. Quality, credibility, and value are evaluated on a regular basis.	Effective and regular membership sampling through surveys	Feedback obtaind through surveys & adjustment made to achieve results. Public recognition of BOD member expertise & competancy.	Feedback obtaind through surveys & adjustment made to achieve results. Public recognition of BOD member expertise & competancy.
Performs Monitoring, Evaluation, and Assessment	The Board utilizes reporting and analytics to determine performance and to adjust directions to achieve success.	BOD tune up tool is not consistently utilized. Evaluation of actual BOD performance and progress against the plan not performed on a recurring basis.	Self evaluation of performance and progress on the strategic plan on a regular periodic basis.	Self evaluation of performance and progress on the strategic plan on a regular periodic basis.
Meets Other Responsibilities				
Ensures the Survival and Sustainability of the Organization	The periodic evaluation of programs, services and strategic initiatives ensures that the organization remains viable for the long term.	Rotating terms and frequent changes in priorities impacts continuity.	Longer terms, a focus on strategic goals, and better planning enhances survival and continuity.	Longer terms, a focus on strategic goals, and better planning enhances survival and continuity.
Ensures the Relevancy of the Organization's Services and Products	The periodic evaluation of programs and services ensures that they remain relevant to the membership, the industry, and the community.	Sampling and surveys has resulted in changes to programs to improve and match needs.	BOD oversight provides higher quality programs and high relevancy. Metrics from surveys used to monitor success.	BOD oversight provides higher quality programs and high relevancy. Metrics from surveys used to monitor success.
Engages the Community that the Organization Serves	Regular feedback from the community supports programs that continue to engage members and community partners	Periodic member surveys.	Periodic member surveys, BOD expertise, and member focus groups provide feedback. Metrics for member trends.	Periodic member surveys, BOD expertise, and member focus groups provide feedback. Metrics for member trends. Regional input.
Demonstrates Transparency, Accountability, and Effective Communication	Communication, reporting, and BOD agendas support effective accountability.	BOD may not be fully engaged and prepared for leadership role.	Better focus on BOD responsibilities & the expertise to contribute to strategic directions. More effective communication.	Better focus on BOD responsibilities & the expertise to contribute to strategic directions. More effective communication.
Provides Cost Effective Governance	The cost of governance is evaluated periodically, controlled, and provides benefits exceeding the investment.	High cost due to size. Limits opportunities for face to face meetings.	Smaller Board. Improved monitoring of cost and more aggressive controls.	Smaller Board. Improved monitoring of cost and more aggressive controls.
Enhances Nimble Response by BOD to Unanticipated Changes	In a rapidly changing environment, identification of unanticipated changes and timely response by the BOD is necessary to mitigate potential risk.	Primary BOD focus on operations. Less focus on planning and anticipation of impending forces.	BOD members better positioned to monitor forces, potential impacts, and make changes in direction.	BOD members better positioned to monitor forces, potential impacts, and make changes in direction.
Evaluates Committee Duties, Performance, and Alignment with the strategic Plan	Allows for the evaluation of committee duties and performance as well as alignment with the strategic plan. Ensures focus on strategic issues.	Emphasis on operational issues and programs. Limited evaluation and adjustment to programs.	Reduced size of Executive Committee and Board allows more focus on relevance, performance and progress.	Reduced size of Executive Committee and Board allows more focus on relevance, performance and progress.
Meets Strategic Responsibilities				
Board is Focused on Strategic Planning and Direction	The BOD is focused on development and deployment of strategic directions and initiatives. Monitoring and measurement of progress, performance, and success is stressed. Operational issues and processes are directed to others.	Now primarily operational orientation of Board.	Strategic focus of BOD and expertise of members. Better metrics for monitoring and evaluation.	Strategic focus of BOD and expertise of members. Better metrics for monitoring and evaluation.
Board Members Bring Strategic Knowledge and Experience	Board membership is determined by the needs of the strategic plan and the skills and expertise necessary to develop and carry out the plan.	Board membership not based on qualifications or competancy.	Full Board selection based on competancy, experience, and skill levels.	Partial Board selection based on competancy, experience, and skill levels.
Board Members Bring an Industry/International Perspective	Board membership is determined by the skills and experiences that provide a wider perspective.	Board members are from within the facilities world and may not have wider perspective.	BOD member selection based on industry perspectives. Expertise of BOD members provides strategic experience.	Partial BOD member selection based on industry perspectives. Expertise of BOD members provides strategic experience.

Figure 7-2

7.3 Benefits

Based upon the comparison of the current APPA Board structure with that of the Competency and Hybrid models as reflected in Figure 7.2, the Governance Study Team identified the following benefits that APPA could gain by transitioning to the characteristics of the other models. These potential benefits led to the conclusions and recommendations set forth in Section 8.

- **Financial.** Provides the ability to redirect financial resources from governance expense to implementation of the strategic plan.

- **Regional Ties.** Maintains ties to regions without overly rigorous demands for regional representation on the Board and numerous committees.

- **Competency-based Board Selection.** Enhances the quality, experience, and expertise.

- **At Large members on the Board.** Matches skills and subject matter expertise to association initiatives.

- **Terms.** Reduces the extended time commitment for regional representatives.

- **Program Continuity and Quality.** Improves program continuity by utilizing staff supervision. Allows the assignment of a staff member with expertise in the program area.

- **Strategic Plan Implementation.** Provide the necessary focus to successfully implement the strategic plan. This is a major member benefit.

- **Organizational Responsiveness.** Allows a leaner, more nimble Board to be more responsive to environmental changes.

- **Board of Directors.** Moves the Board focus from operational issues to strategic decisions, organizational direction, and resource priorities.

- **Outreach.** Engages other organizations and potential partners to achieve association goals and objectives.

8. Conclusions & Recommendations

8.1 Conclusions

Through the previously described process, the Governance Study Team has reached the following conclusions:

- **Strategic Plan.** The new strategic plan offers a way to capitalize on APPA's strengths as the association moves into the future, but it also places many demands on the organization and its human and financial resources. The plan cannot be successfully implemented without a restructuring of the governance function.

- **Timing.** Now is the appropriate time to consider modifications to the governance structure to support the strategic plan, initiate a phased implementation, and meet the challenges of a rapidly changing world.

- **Current Board Structure.** The current Board structure has evolved over time in order to serve many other earlier goals and priorities. It has grown too large, has too many committees, and is not structured to best address the future.

- **Board Responsibilities.** The current board structure is not focused on basic board responsibilities such as "establishing policies, making significant and strategic decisions, overseeing the organization's activities, finances, self - evaluation and "risk management" as defined by current literature.

- **Board Priorities.** The Board is dealing with too many non-strategic priorities, which may change annually with the succession of presidents.

- **Cost of Governance.** Financial resources currently consumed by the very large governance structure can be reprioritized to focus on the implementation of the strategic plan.

- **Program Continuity and Management**. Members are hesitant to commit to longer terms of office due to competing demands on their time. The trend is to shift program management to paid staff to provide continuity and corporate knowledge. In addition, this trend also enables the board to shift from an operational focus to a strategic focus.

- **Composition of Board and Officers.** The trend among non-profits is to move away from predominantly geographic representation to adopt Board membership based on competency, expertise, experience, and passion.

- **Board Selection**. The trend is towards selection by a nominating committee based on the competency needs of the organization at the time. Most often, members vote for a slate of officers provided by the nominations process.

- **Succession Planning**. A contingency/succession plan is needed for the EVP position given the transition of duties and the reliance on the EVP for critical management functions.

- **Phased Implementation.** Trends indicate that a two to three-year period is required to implement modifications to the governance structure.

8.2 Recommendations

The winds of change are affecting our institutions, our environment and our association. This period brings great opportunities, but also some significant threats to the association. Based upon its review of APPA's governance structure, the members of the Governance Study Team believe further consideration of APPA's board structure is warranted. The Study Team offers the following recommendations:

1. **Board Size.** Frankly, the Governance Study Team was surprised to find APPA has one of the largest non-profit boards of the associations in this study. Given this size, it became apparent that frank and thorough discussion of initiatives or issues is not effective, and too much time is spent on orienting and updating Board members instead of planning for APPA's future and evaluating program performance/results. Based on the governance trends and models, APPA should consider reducing the size of the Board to no more than 15 members. A trimmer, more engaged, and nimbler Board would improve the chances APPA could reduce its current weaknesses and deal more effectively with its opportunities and threats.

2. **Board Composition.** The genesis of the Study Team's charge was APPA's visionary strategic plan. Given a changing membership demographic and a changing world, what must APPA do to be successful in the future? To guide the association in this environment, the Study Team concluded that APPA's process for selecting its Board members, while serving it well in the past, would not necessarily provide it with the knowledge and expertise it may require in the future. APPA may need to draw from not just its own membership, but also find board members that are recognized leaders in such areas as technology, learning, emerging demographics, strategic marketing, environmental issues and economics. The Study Team strongly recommends that APPA reconsider how it selects its Board members, including changes to its nominating process, board member terms and election process. The goal should be to ensure that the Board has people with experience in governance, the knowledge and expertise the association

requires, and that they can provide the continuity that a multi-year strategic plan execution demands.

3. **Board Responsibilities.** As stated in Section 7.1, a board has three primary roles: to establish policies, to make significant and strategic decisions, and to oversee the organization's activities and performance. As such, it is important that the members of a board have a clear sense of their individual responsibilities as they relate to these three primary roles. A board's role is not to manage day-to-day operations or to provide hands-on program management, but to stay strategically-focused on how effectively the interests of the organization's members are being identified, represented, and met.

   The Study Team recommends that the Board change its focus to executing and updating the strategic plan, anticipating and responding to changing environmental trends and forces, reviewing and adjusting policies set forth in Bylaws documents, and conducting regular accountability checks and evaluations of the Board's own performance. Perhaps most importantly, the Board must be decisive in setting a course for the future.

4. **Committees.** In the current structure there are Standing (Awards and Recognition, By-Laws, Nominating), Permanent (Professional Development, Information and Communications, Member and Community Engagement, and Professional Affairs), and Ad-hoc (appointed by President) committees. The selection for most of the members on these committees is not necessarily competency-based. At the same time, the Study Team found trends among other non-profit associations to reduce the number of committees, move operational committees to staff leadership, utilize task forces in lieu of committees, and select members based on interest and expertise.

   The Study Team recommends that APPA

   1. Limit the number of Board committees (those staffed by Board members) to three: Executive, Nominations, and Finance/audit.

   2. Determine operational committees that may be established by the President or Bylaws, without representation on the Board. Operational issues are staff led, reporting ultimately to the chief executive officer. APPA determines committee membership based on competency, interest and experience.

   3. Utilize task forces and work groups whenever possible to address association initiatives, so that they can be easily disbanded when their work for the association is completed.

The long-term benefits to APPA will be the lower cost of governance, more appropriate representation on committees, and more engaged participants.

5. **Program Management.** Currently vice presidents are elected and, as volunteers, are asked to manage programs, some of which are extensive and complex. These responsibilities can be time consuming and an impediment to participation by members. In addition, as vice presidents are elected for limited terms, there can be an issue with continuity and institutional memory. The Study Team recommends moving program management to full-time staff with Board-appointed chairs that oversee an advisory group of APPA members. The appointment of chairs and committees would be based on expertise. The full-time staff would lead the programs, and oversee daily details, with the Board appointed chairs working with the advisory group members on strategic issues associated with the given program. The full-time staff would lead the programs and oversee daily details, with the Board appointed chairs working with the advisory group members on strategic issues associated with the given program. With staff overseeing program management and Board-appointed chairs providing strategic oversite of the programs, the current vice president positions could be eliminated. As APPA is currently experiencing difficulty finding members willing to commit the time and energy required as vice president, this recommendation would help to alleviate that issue. It would also result in reducing the size of the Executive Committee to one that is more in line with other organizations, more nimble and less expensive to maintain.

6. **Treasurer.** In the not-for-profit world, as demonstrated by all nine non-profit higher education associations interviewed, it is the norm to have a treasurer on the Board of Directors. In fact, in all nine non-profit associations interviewed, the office of treasurer also had a seat on the Executive Committee.

   The position of treasurer provides an independent system of checks and balances that is necessary to develop and maintain a perception of trust, transparency, and confidence on the part of the organization's members. An external audit ensures that the accounting for the organization is in accordance with Generally Accepted Accounting Principles (GAAP), but it becomes the Treasurer's responsibility to provide financial planning, forecasting and risk-assessment, and to ensure the actions and decisions undertaken by the Board have a strategy for funding.

   The Study Team strongly recommends the creation of a treasurer position on the Board. The Study Team also recommends that the Board appoint a person with a strong financial background.

7. **Regional Representation.** The Study Team reviewed the role of the Regional Representatives on the APPA Board, noting that modern boards

have moved or are moving to competency-based board compositions, rather than regional representation. An alternative to an all competency-based board is the hybrid model, with a mix of the divisional (regional representatives) and competency-based models.

While APPA has a long history of board membership through its regional affiliates, there is no evidence that this has added to engagement. For many regions, the regional succession has resulted in very long-term commitments that, in some cases, has limited regional participation. For the APPA Board, it can also foster regional partisanship, and does not necessarily provide the expertise required by the international association. Having the ability to learn about regional concerns, issues and ideas may be better served through other means, such as an advisory group.

To increase expertise on the Board that would align with APPA's needs and move towards a more strategically oriented board, the Study Team recommends that APPA consider eliminating regional representation (as in the case of a competency-based model) or reducing regional representation to 1–6 board members (as in the case of a hybrid model). This would enable a smaller, more cost-effective, and more nimble board by shifting to filling board positions based solely on expertise (competency-based) or limiting regional representation by adopting a hybrid governance model approach. Note that this recommendation does not preclude active regional members from seeking a position on the board, only that the primary criteria for selection would no longer be geographical.

8. **Board Members.** The Study Team recommends that a slate of candidates for membership on the Board be established by the Nominating Committee, approved by the Board and elected by the membership, and that the terms be at least two years in order to ensure continuity and consistency in leadership direction.

   In the competency model, the slate of candidates would be based on the needs of the association. In the hybrid model, regional nominees would be submitted by the regions to the Nominating Committee.

   The Study Team recommends these changes to provide greater continuity of leadership, potentially reduce the time commitment of certain officer positions and to reduce APPA's governance costs.

9. **Board Officers.** The Study Team recommends APPA have only three officers: a President (serving 2 years), a Vice President (i.e. President-Elect, also serving 2 years) and a Treasurer (perhaps serving 2 years with multiple opportunities for renewal). It is further recommended that every other year APPA conduct an election for its membership to select the Vice President, who will serve two years in that position before automatically becoming

President for an additional two years. The slate of those candidates for election who are deemed qualified, interested and supported by their institutions to become Vice President and accept a 4-year commitment would be determined by the Nominating Committee and approved by the Board.

10. **Executive Committee.** The Governance Study Team strongly recommends that APPA redefine the role of the Executive Committee to ensure that it is focused on its core responsibilities. The Executive Committee should function as a sounding board for the CEO, respond for the Board in the event of an emergency or unplanned event, evaluate the CEO, and monitor board performance.

    The goal of the changes, like all of the other recommendations, would be to add value to APPA's governance structure without increasing costs. This would also result in reducing the size of the Executive Committee to one that is more in line with other organizations, more nimble and less expensive to maintain.

11. **Transition Working Group.** Other associations that have gone through similar changes have planned on a several year transition period. In order to oversee the process and the progress, the Study Team recommends that the Board consider selecting Board members or others with specific expertise to serve on a small Transition Task Force, which would be charged with overseeing a phased transition to the new governance structure. Members of this group should be selected based on their knowledge of the issues and abilities to shepherd the process, track and report progress and recommend fine-tuning steps based on the time line and expectations of the Board.

These recommendations are not made superficially or lightly. The members of the Study Team have all personally benefited from their participation with APPA and its members over the years. We all wish to see such benefits continue for APPA's current and future members, but what has worked in the past may not in the future. As James Adams and Richard Kletter write in their new book *Artificial Intelligence: Confronting the Revolution*, "a government that grows less relevant as it legislates for the past while the future comes ever faster, and an education system that teaches every new generation about a world that, by the time they graduate, will no longer exist."

APPA leadership has taken the first steps toward addressing its future through the development of a strategic plan that is to capitalize on its strengths to meet the continuous learning needs of its members as they navigate the changes ahead. By launching a governance review, APPA began the exploration of other governance structures that can help it evolve to meet the promise of its strategic plan, while reducing the cost of governance, adding greater value and maintaining continuity.

The Governance Study Team offers this report and recommendations to assist the APPA leadership in its next steps.

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10. Appendix

10.1 BPR for Governance Study

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APPA BUSINESS PLAN REQUEST

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Budget Year: FY2018-2019 & FY 2019-2020

Board Item:	
Information	**Action**
Other	

Request #: 001

Date of Request: January 23, 2019

Title of Request: APPA GOVERNANCE STUDY

Requested By: President Don Guckert on behalf of the Presidential Triad

IMPACT ON STRATEGIC PLAN

Explain how this request benefits, strengths, or ultimately enhances the APPA Strategic Plan's vision "Preparing for Every Future" by creating a future of continuous learning so that APPA can build on its core strengths, create greater differentiation for the association, enhance its relevancy for its members, and prepare for every future.

4 Supporting Pillars of the Strategic Framework	
(to build the continuous learning infrastructure necessary for a successful learning-centric organization) Place an "X" to indicate which strategy is enhanced	
	1. EDUCATIONAL CONTENT. *a) Develop a wide breadth of educational content through creation, curation, and cataloging that has value to existing and potential members.*
	2. EDUCATIONAL DELIVERY CHANNELS. *a) Create additional, varied, convenient and cost-effective education and training delivery channels that are available at our members' time and place of choice and in a variety of formats.*
X	**3. SUPPORTING INFRASTRUCTURE.** *a) Create the supporting technological and human infrastructure to address an increasing demand for learning as well as support the variety and range of content and delivery methods to enable greater use of existing content collections and the need for other technological system for content development.* *b) Enable greater use of existing content collections by building other technological systems for content development and deployment.* *c) Develop organizational capacity to build a learning-centric association.*
	4. COLLABORATIVE LEARNING. *a) Create peer-to-peer opportunities for collaborative learning that offers synergistic, real-time, and fresh shelf life learning that encourages sharing and learning from others.*
_____	
X	**5. OTHER (alignment with and focus on continuous learning and actions needed to enable the overall strategic plan).** *a) Further increase APPA's value, differentiation, and relevancy through an ongoing response to our evolving needs as we navigate our unfolding future.*

Scope of Impact (choose one):

_____ Long/short-range impact (on-going improvement of existing programs) –

__X__ Strategic (change direction with new program or new paradigm)

ASSIGNED RESPONSIBILITY (volunteer(s), EVP, other):
- To study request: XX
- To implement request:

DESCRIPTION/ PURPOSE:
APPA's Strategic Plan outlines a vision for the association's future by preparing its members for every future that may come, thus meeting its members' needs for continuous learning and skills building to keep pace with the ever-changing demands of the profession. As such, the Strategic Plan has driven a number of significant changes and realigned the efforts of APPA's leadership, volunteers, members, and staff. To free up needed resources for the Strategic Plan, APPA's human and financial resources were reprioritized and reallocated through a process defined by Geoffrey Moore's "Core and Context" analysis. The staff of APPA have undergone a redefinition of all current positions, the elimination of positions, and the addition of contracted operational expertise. APPA's committees were repositioned and re-chartered to align to the Strategic Plan and effectively work in an integrated and interdependent manner in building out the strategic framework that will support APPA's Continuous Learning vision.

Given the positive response to change thus far, it stands to reason that now is the time to conduct a comprehensive review of APPA's governance structure. APPA has not had a review of its governance structure for more than a dozen years. With the increasingly collaborative relationships being built with other professional associations, we are learning more about various governance models and wondering whether some of those structures would align better for our evolving future. Certainly much could be learned about association "best practices" if a formal peer review was conducted that could help us determine if APPA's governance structure is aligned to its vision of the future and adaptable to the changing forces that are coming at accelerating rates.

JUSTIFICATION/ BENEFITS:
A peer review of APPA's governance structure may find that we are already employing the "best practices" among professional associations. Conversely, a review could find that we are behind the curve; not flexible, adaptable nor nimble enough; becoming increasingly less prepared or able to respond to changing member needs and demands as needed in this evolving environment. Or, we could also find that we have challenges with our governance structure, but they are more than overcome by the extraordinary efforts and unique interpersonal skills of our executive vice president. In any case, understanding better where we stand for the present and any future could only better serve our association's interests.

PLANNED APPROACH:
This proposal recommends commission of a blue-ribbon team comprised of APPA Fellows who have also served in International APPA's existing governance structure. To the extent possible, six team members would be selected, each representing a region in which they spent at least ten years of employment.

The team would plan to meet several times throughout 2019 to frame the review process, visit the Washington, DC area for face-to-face interviews with other association leaders, review findings and make recommendations to APPA's Executive Committee. The team would be formed in February 2019 and prepare their near-final report in early September 2019 in advance of the regional meetings. The team would also be invited to interview APPA Board members at the Denver annual conference and provide a progress report to the Board. The budget for this review is estimated at $27,000, principally for travel and

honoraria.

EXPECTATIONS/ OUTCOME(S):
The near-final report findings and recommendations will be vetted and discussed at each of the regional meetings by the APPA President or her designee. The input received will inform the final report and the subsequent recommendations for any changes. Recommendations of changes to APPA's governance structure will be brought to the Board for approval in February 2020.

ESTIMATED TIMING, RESOURCE(S) AND SOURCES OF RESOURCES FOR REQUEST

Stage/Phase	Target Closure	Annual Resource Plan			Level of Resources		Source of Resources
		18-19	19-20	20-21	One-time	On-going	
Development/ Study		$ 9,000	$18,000	$	X		Annual Operating Budget(s)
Implementation		$	$	$			
Continuous/ Annual Need(s)		$					

EXECUTIVE COMMITTEE STATEMENT ON EXPECTED RESULTS:

PROPOSED BOARD ACTION ON THIS REQUEST:

10.2 Governance Study Team Bios

Jack K. Colby, Assistant Vice Chancellor for Facilities Operations (Retired), worked at North Carolina State University from 1999 to 2017. Prior to coming to NC State, he served at the University of North Carolina-Greensboro, Duke University, and Daniel International Company. Colby holds degrees in mechanical engineering from Virginia Tech, an MBA from the Fuqua School at Duke University, and is a professional engineer in North Carolina. At NC State, he was responsible for campus operations, energy, utilities, and sustainability. An APPA member since 1978, Colby has served at the state, regional, and international levels of APPA. He has been recognized for meritorious service and for 11 years of Board service. In 2005-06 Colby was served as President of APPA   Subsequent to his APPA board service, he has been Chairman for the APPA Board of Professional Certification and has chaired the APPA Thought Leader's Series to develop strategies for Facilities issues facing higher education. In 2010, Colby received the designation of APPA Fellow and was also selected to receive the Frank B. Turner Award for service to the state of North Carolina.

William Daigneau, served from 1994 until his 2012 retirement as Chief Facilities Officer and Vice President for Operations and Facilities Management at the University of Texas MD Anderson Cancer Center. Prior to his tenure at MD Anderson, Mr. Daigneau held chief facilities officer positions at the University of Rochester, the University of Northern Colorado and the University of Wisconsin-Superior. Mr. Daigneau has authored numerous publications on capital development and facilities management in publications such as APPA's Body of Knowledge, Business Officer, Facilities Manager, and the Owner's Perspective. He has lectured frequently for associations including APPA, the Organization for Economic Cooperation and Development, the National Association of University and College Business Officers, and the Construction Owners Association of America. He is an APPA Fellow, and recipient of their Meritorious Service and Rex Dillow awards. In 2012 he received the prestigious Master Builder Award from the Associated General Contractors of America. He also received MD Anderson's elite President's Award in recognition of his substantial contributions toward eliminating cancer. He was the only non-faculty member ever to receive this honor. Mr. Daigneau has held leadership roles in many civic and professional organizations, including serving as Vice President of APPA and Director of APPA's Facilities Institute. He also served on the Board of Directors for the Thermal Energy Corporation and the Construction Owners Association of America. He is a registered engineer, holds a Master of Business Administration from Bradley University, and a Bachelor of Science in Engineering from Case Western Reserve University

Jack Hug has been "APPA-active" since 1965 and is APPA Past President, and APPA Fellow. He served as President of the Association of Higher Education Facilities Officers from 1989-90 and has held every elected position in the association. Jack served as chief facilities officer within public and private sector institutions including major research universities, large, medium, and small institutions. He

retired from the University of California, San Diego in 2002 and is President, Hug Consulting and Management Services.

Jeri Ripley King, APPA Fellow, is Assistant Director, Facilities Management, University of Iowa, where she oversees strategic planning and integrated communications. Prior to joining the University of Iowa in 2003, she worked for 20 years at the University of Missouri (MU). It was there that she first worked in a facilities organization, beginning with the planning, design & construction department. Prior to that, she consulted to departments and external corporations through the MU Center for the Study of Organizational Change, and the Office of Management Consulting Services. Jeri has been an active member of APPA. She has served in a number of capacities, including Vice President for Information & Research, APPA Institute instructor, and is the author/coauthor of many articles. In 2014, she edited APPA's *Effective and Innovative Practices for the Strategic Facilities Manager*. In addition, she served on the Midwest Region of APPA (MAPPA) board for six years and co-hosted a MAPPA conference. In 2015, she received the APPA Meritorious Service Award. Jeri received her Bachelor's degree in General from the University of Kentucky and an M.B.A. from the University of Missouri.

Gary Reynolds, P.E. and APPA Fellow has been a member of APPA since 1981, including APPA President. He has also served as faculty member of the Facilities Management Institute, co-director of the Center for Facilities Research (CFaR), and book editor and author of numerous articles in Facilities Manager magazine. He is also the former content coordinator for the Operations and Maintenance section of the APPA Body of Knowledge. He recently retired as Associate Vice Chancellor from the University of Colorado/ Colorado Springs.

Glenn R. Smith, APPA Fellow, received his BS and Masters Degrees in Civil Engineering, Rensselaer Polytechnic Institute and a Masters Degree in National Security Strategy, National War College. He served as a Navy Civil Engineer Corps Officer 1973 – 1997. During part of his Navy career, he was the Executive Officer of Seabee Battalion 40 from 1987 – 1989. He retired in 1997 as a Navy Captain. Glenn then became the Director of Facilities Services at Bryn Mawr College, a small liberal college for women outside of Philadelphia, and held that position from 1997 – 2016, when he retired. Glenn has held several leadership positions throughout APPA, including: President Delaware Valley Chapter APPA, President Eastern Region APPA, Vice President APPA for Professional Development, President APPA. Glenn has been a Certified Facilitator of Stephen Covey's 7 Habits of Highly Effective People since 1993 and has taught that course as part of APPA's Leadership Academy since 2008.

10.3 List of Interviewees

<u>Board Members</u>

Abbott, Jessica	(Incoming ERAPPA Jr. Rep)
Bogan, Jim	(MAPPA Jr. Rep)
Bollman, Dan	(VP for Professional Affairs)
Clark, Beth	(VP for Professional Development)
Clark, Wayne	(Incoming RMA Jr. Rep)
Gin, Kathia	(Member-At-Large representing EP Community)
Guckert, Don	(President)
Guerrero, Tony	(VP for Membership and Community Engagement)
Hadden, Ian	(Vice Chair Regional Reps)
Handwork, David	(VP for Information and Communication)
Heptig, Ed	(CAPPA Sr. Rep)
Ichsan, Tony	(Chair Regional Reps)
Kopach, Chris	(Immediate Past President)
Kwofie, Winnie	(Incoming PCAPPA Jr. Rep)
Maharrey, Dave	(SRAPPA Sr. Rep)
Manlet, Ruthann	(President-Elect)
Meyer, Angela	(CAPPA Jr. Rep)
Polansky, Tom	(PCAPPA Sr. Rep – interim)
Potter, Lisa	(RMA Sr. Rep)
Rocha, Luis	(RMA Jr. Rep; Incoming Vice Chair for Regional Reps)
Smith, David	(Incoming SRAPPA Jr. Rep)
Timmesch, Tim	(MAPPA Sr. Rep)
Walsh, Arthur	(ERAPPA Jr. Rep)
Wollman, Nina	(Member-At-Large representing BP Community)
Wooten, Dan	(SRAPPA Jr. Rep)

<u>APPA Staff</u>

Lander Medlin	Executive Vice President
Steve Glazner	Director of Knowledge Management
Suzanne M. Healy	Director of Professional Development
Christina Hills	Director of Credentialing and Benchmarking
R. Holly Judd	Human Resources Director & FMEP Administrator
Kristin Witters	Director of Member & Community Engagement

<u>Industry Representatives</u>

Russell Garcia	Johnson Controls
Bill Johnson	Business Partners

Non-Profit Associations

Mary Deniro	ACUHO-I
Nathalie LaPorte	CAUBO
Andy Brantley	CUPA-HR
John O'Brien	EDUCAUSE
Susan Johnston	NACUBO
Gretchen Courad	NACUFS
Kevin Kruger	NASPA
Mike Moss	SCUP
Robert Hansen	UPCEA

10.4 Interview Questions

     10.4.1 APPA Board Interview Questions[18] (Confidential responses, no attribution in report)

Interview Data (from questionnaire)
1. Name:
2. Date:
3. Title:
4. How long have you served in this role:
5. How long have you been a member of APPA:
6. What other leadership positions have you held with APPA, both national and regional:
7. How long have you served on APPA's Board. Was APPA's orientation on Board duties helpful to you:
8. How much longer is your term. Given the demands placed on you, was this term too long, too short, or just right:
9. How does the current term of your position fit in with your other responsibilities:
10. Do you now serve or have you ever served on any other (non-APPA) board:

Meets Basic Responsibilities
11. **What is the purpose and what you hope to get out of this review of APPA's governance**:
12. What do you feel is the primary purpose and mission of APPA:
13. **What do you feel are the roles and responsibilities of APPA's board. What do you view as the difference in those roles and responsibilities between the Executive Committee, the Presidential Triad, and the management staff:**
14. **What are the strengths and weaknesses of the current governance structure:**
15. How much oversight should the Board spend on budget and financial condition, management performance and compensation: **Should there be a different role between the Exec Committee, the Triad, and the full Board.**
16. How would you describe the Board's relationship with APPA's management. Are there any changes in that relationship you feel would improve APPA's operation:

Meets Strategic Responsibilities
17. **What environmental factors are affecting the association and do you feel the board is responsive to this changing environment:**
18. What are your thoughts about APPA's budgeting process in meeting the

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[18] The questionnaires gathered basic data. Due to time constraints, the bolded questions were focused on during the interviews.

strategic goals of the association.

19. **How much attention to strategy, oversight of association performance, and risk management occupies the Board:**
20. What special expertise/experience do you think you have that enhances or differs from the current board members:
21. **What additional expertise/experience do you think would enhance the current board:**

Meets Other Responsibilities

22. What current committees do you serve on. Which committees are most important to you as a Board member. Which committees should be added or eliminated.
23. **Is the Boards time spent efficiently. Do you feel there are any issues regarding, reports, information provided the board, and how it spends its time. What changes would you like to see about how time is spent and on agenda development:**
24. **What are the pros and cons with the current manner of selecting presidents and vice presidents: Should Board members be elected: Should APPA presidents be appointed by the Board: Should vice presidents:**
25. What pros and cons do you feel there are about the size and breadth of the current Board. What advantages or disadvantages would come from making the board either smaller or larger?
26. Are current terms of Board members too short or too long:
27. **Should APPA members, as stakeholders in APPA, elect the Board:**
28. How does the Board interact with external stakeholders, and Is this effective:
29. **Does the Board conduct periodic reviews of its own performance:**
30. **If you had a magic wand, what changes would you implement today to ensure APPA is positioned to be robust and relevant into the future**
31. **Are there things you think the Governance Committee should look at that has not been covered today:**

10.4.2 Non Profit Association Questionnaire

1. Name:
2. How long have you been a member?
3. Who does the Chief Paid Staff person report to?
4. What are the primary functions of the head of the Board:
5. How are officers selected?
6. What are the durations of the terms of the officers?
7. How many Board members?
8. How are Board members selected?
9. What are the durations of the terms of the Board members:
10. How often does the Board meet in person? how often by teleconference?
11. Do you have an Executive Committee? Who is on the Executive Committee:

What is the primary function of the Executive Committee: How often does the Executive Committee meet in person? How often by teleconference?

12. Do you have committees? How many?
13. What is the primary focus of the Board?
14. Who provides strategic guidance for the organization?
15. What is the process for bringing program ideas forward?
16. Has the organization recently made a strategic change in direction?
17. If a strategic change is necessary, what is the process for making this change?
18. What environmental factors are affecting your organization?
19. Do you feel the Board has been responsive to this changing environment? If yes, why? If no, what would you change?
20. Have you made any changes to your governance structure? If yes, what was the change?:
21. Who suggested the governance change?
22. Why were these changes made?
23. How would you describe the relationship between the Board/Officers with the Chief Paid Staff person?

10.5 Strengths, Weaknesses, Opportunities & Threats (SWOT)

10.5.1 Governance Study Team Original SWOT

Strengths
- Regions have direct involvement in Governance of the Association
- Staggered terms of Board Members provide continuity
- Board members often have held leadership positions in the Regions
- Board and Committee members often have diverse experience, for example large and small institutions, research, 4 year, etcetera.
- Large Board helps build community through engagement of regions
- Large diverse Board and Committees provide valuable leadership experience to members
- Board is stable and predictable
- Board and Committee membership helps broaden members experience
- Governance with committees allows more things to get done.
- Board and committee membership are open to all members, regardless of position within an institution's organization.
- Governance participation provides pipeline to other leadership positions
- Board often provides direct input to Association management of emerging issues with the profession
- Current governance has largely supported strong executive management
- Board monitors and reviews Association executive performance
- Board monitors programs and Association services
- Board participates and approves financial corrections during unexpected downturns
- Board monitors and audits financial and ethical performance
- Current governance structure promotes transparency in Association Management
- Business Plan Request, when used, has proven highly effective in Board decision-making
- Provides an opportunity for member engagement
- Board fuels staff for execution of goals

Weaknesses
- Effective guidance of Mission and Purpose is highly dependent on leadership experience/competency of Board members
- Board member selection does not take into consideration qualifications, competency, or leadership experience
- Board membership promotes parochial interests, e.g., protecting the region versus protecting the association
- A given Region's two Board members often vote the same on issues
- Current large board does not promote frequent meetings and nimbleness in addressing a changing environment

- Maintenance of a large Board and Committee structure is costly to the association
- Dynamics of current governance foster group think, PC behaviors, and predictability.
- Most time is spent on reports to Board, not on discussion of mission, strategy, and emerging opportunities
- Increasingly difficult to recruit Board and committee members (especially given overall time commitments and the increasingly "horizontal" institutional organization structures)
- Does not generally permit selection of Board members to address special needs and competencies such as finance, technology, etc.
- Board has not set policies on periodic reviews of strategic plan, goals, or effectiveness of itself
- Board inconsistent in use of Business Plan Requests
- Board not proactive in fund raising activities, financial opportunities and enhancing public visibility
- Structure does not ensure regular and effective communication to the general membership of Association decisions
- Infrequent meetings and turnover hinders timely and sustained reviews of mission and proactive adjustments to programs and finances
- Annual turnover of Board Chair (President) inhibits Association mission adaptation and sustained goals/results analysis
- Board turnover (one-third every year) requires considerable time on new member orientation and loses continuity in decision-making
- Governance structure does not "guarantee" Executive independence/responsibility in Association operation and management
- By-Laws lack clarity and specificity on Board Responsibilities.
- Low institutional member voting participation in selecting elected members of Board.
- While it varies by region, the appointment of Regional APPA reps to the Board can require a lengthy, multi-year commitment on the part of the volunteer, which can cause talented candidates to balk at the length of the queue. This lengthy commitment of time can also be hard for some institutions to support, especially smaller schools/institutions.
- No clear guidance or consistency on how at-large members to the Board are selected or what constituencies they represent. At-large members may not fully understand why they were selected or their role in representing their particular constituency or the Association overall.
- Duplicate regional representation stifles contributions
- Too much time spent on reports, not on setting strategy
- Board composition does not provide for external view of Association

Opportunities
- Competency/Experience based selection of Board members would aid Association in monitoring external trends, opportunities, and threats

- Lower costs of maintaining current structure could be redirected to more frequent Board meetings, or other value added Association activities
- Elimination of Executive committee would reduce redundancy
- Consistent use of Business Plan Request would improve Board effectiveness and financial accountability
- There are alternatives to ensure good communication to Regions on Association mission and decision making
- More frequent meetings of Board would promote responsibility and results of Association management and quicker response to rapid changes
- Technology (e.g., podcasts, teleconferencing) would improve timely communication between the leadership and members
- Use of retired members would promote greater Board involvement and experience
- Less Board turnover and smaller Board size, even potential elimination of Executive Committee, reduces costs and staff resources

Threats
- Board composition can lead to parochial interests, and not well-being of entire Association (Region versus National, Large versus Small, etc.)
- Rising cost of maintaining large Board and committee structure extract resources for other needs or opportunities
- Lack of diversity in experience and competency since all Board members share similar professional responsibilities
- Turnover inhibits sustained focus on emerging trends or issues
- Structure inhibits improved communication with Regions and members.
- Possible micro management of Association operation and Executive ability to take advantage of immediate opportunities.
- Potential for one region to monopolize or hold a majority of the Executive Committee seats.

10.5.2 Key Findings from APPA Board and Staff Interviews

Strengths
- Good geographic representation on Board.
- Full Board provides a voice/representation for the regions.
- Board very structured/representative/stable.
- Board members often come with regional leadership experience.
- Good diversity on Board; networking and social benefits.
- Generally focused on strategic issues (at least at EC level).
- Generally good continuity moving from one president to the next. (Triad is a strength.)
- Triad provides cohesiveness and avoids a silo effect for the President.

- Board members tend to be professional and passionate about their profession and APPA.
- Serving as a regional rep on the Board or as a regional rep on a committee provides experience and confidence to run for APPA elected office.
- The use of long-range, multi-year strategic plans tends to provide year-to-year program continuity, even as Board members turn over annually. Encourages Presidents to focus more on strategic plan related issues, and less on a personal theme or agenda.

Weaknesses
- A lot of people/voices; "a lot of people around the table"; Current Board is too big.
- Hard to get people to run for elected office or serve on a committee; perception that role on APPA Board is too time-consuming; can result in less than the best qualified people serving – no qualifications required for volunteers seeking elected office.
- In most regions the pipeline to junior/senior rep is a major time commitment involving numerous regional responsibilities – in some cases as much as 10 years.
- Regional reps are often parochial in supporting what is best for their region as opposed to what is best for APPA as a whole. Regional reps view their role on the Board as an advocate for their region. They do not tend to be actively involved in broad, strategic Board discussions or activities.
- Election/selection/voting process is "broken." Poor voting participation. Elections are more about name recognition and popularity, not necessarily talent/expertise. No identified qualifications for elected office.
- Not flexible enough; unable to respond/shift gears quickly.
- Limited engagement on part of regional reps regarding broad, APPA-wide issues.
- As facilities professionals, we tend to be operationally focused – what needs to be fixed now – not always thinking strategically/long term/future oriented.
- Governance layers (Triad, EC, Board) can produce too much overlap/duplication and too little transparency.
- A feeling that staff is disconnected from governance. "Too many silos at APPA Headquarters." Board and staff not always on the same page.
- Board does not conduct periodic reviews of its own performance.
- Conference call meetings of the Board tend to be information dumps and not strategic discussions – generally ineffective. Face-to-face meetings much more effective, but only 2 per year.
- Members of Board not clear about their role on the Board; roles for at-large members not clearly defined; quality of orientation of Board members seems to vary from year to year – consider an on-line orientation program.
- Difficult to sustain initiatives due to annual turnover of President.

- Strong A-type personalities can dominate discussions, while introverts tend to process information and their thoughts and often lose their opportunity to voice an opinion.

Opportunities
- Increase the number and responsibilities of staff.
- Improved effectiveness through Board members becoming more knowledgeable and focused on their role and responsibilities as a Board member; consider ways to improve Board member orientation program.
- Improved efficiency through Board members becoming better prepared to discuss and act upon agenda items.
- Better job of marketing APPA value – "Why APPA?"
- Turn networking into opportunities for sharing ideas, solutions, and best practices – not complaints.
- Reduce number of unengaging conference calls and increase number of much more effective face-to-face meetings. (Need to look for ways to cut costs to make this happen.)
- Reduce amount of committee reporting out at Board meetings; better use of consent agenda; devote saved time to discussing strategic initiatives. (Some EC members thought this was already happening.)
- Require all Board members to have a CEFP.
- Board participation in nomination and selection of officers could improve qualifications of candidates.
- Board should use metrics/KPIs to periodically review performance (including the Board's own performance).
- Shrink Board to functional roles (as opposed to geographic/regional representation).
- Take advantage of placing SMEs as at-large members on the Board.
- Consider approach used to invite SMEs to Thought Leaders Symposium as a model for selecting Board members.
- Increase length of President's term for better continuity and strategic program accomplishment.
- Conduct cost/benefit analysis of initiatives, including decisions regarding major budget issues such as annual meeting locations/speakers and international travel.

Threats
- No assurance that future Board members will have the necessary expertise/experience/competencies (it's a bit of a crap shoot).
- Whole Board not engaged regarding finances/fiduciary management. EC appears to serve as Finance Committee but Lander and, to some degree the Triad, do most of the work. No longer an elected Treasurer (to be seen whether that is a good or bad thing). Little engagement of full Board regarding budget/finances.

- Heavy reliance on incumbent EVP's skills/leadership cause concerns about the risk stemming from lack of clear succession plan for EVP.
- Perception that APPA wants to control, take things away from regions, or shove decisions "down their throats." Leads to lack of trust especially among regional reps.
- No sense that professional certification/credential debt will ever be repaid. (Some questioned the long-term value of credential while others thought it should be a prerequisite to Board membership.)
- Strategic Plan can get sidetracked by a President's personal agenda – can result in a lot of disjointed jumping around from one initiative to another, especially with presidents turning over every year.
- Too little focus on both operational and strategic risk assessment by Board.
- Trying to focus on too many programs/initiatives at once. Trying to be all, do all.
- Certain regions can develop a self-perpetuating, dominating presence on the Board (SRAPPA, MAPPA, …).
- Continued perception of "good old boys network/club", and not just in the sexist sense.
- Some opinions voiced that the elimination of SFO and EP summits, for what are perceived to be cost-saving measures, might send the wrong message to our membership and be costly in the long run. (Same might be said for elimination of spouse/guest programs and the banquet at the annual meeting.)
- Too little SFO-level engagement.

10. 6 Figure 6-1: Non Profit Governance Structure

Non Profit Governance Structure

		Competency-Based Board	**Hybrid Board**
		Competancy based selection focusing on current strategic initiatives and required expertise.	Geographic representation is retained but reduced in number. At-large and technologic representation is increased to bring a wider perspective and specialized expertise to setting strategic directions.

Feature	Description		
Board Size	Number of actual Board of Directors	9 to 12	12 to 22
Board Composition	The make-up of the BOD and the basis for a position on the Board.	Board members selected based on knowledge, experience, and expertise .	A combination based on Knowledge/Experience/Posiition with a portion of elected members and appointees.
Board Role	The primary function and responsibilities of the BOD itself.	Strategic	Strategic
Board Meeting Frequency	Includes both face-to-face and teleconferenced meetings.	4 to 8 Three to four are face-to-face.	4 to 8 Three to four are face-to-face.
Executive Committee	Smaller group meeting more frequently to set agendas and make minor decisions that are time sensitive.	Yes, maximum 4 to 6 members	Yes
Title for Chief Paid Executive	Job title for the non-volunteer chief paid executive.	President or CEO	President or CEO
Board Nomination/Selection Process	How positions are filled and candidates identified.	By Board nomination of a slate of candidates for member vote.	Nominating Comm. is combination of elected and nominated positions. Slate voted on by members.
External Directors	BOD members that may not be APPA members and bring external	Yes	Yes
Board Committees	Governance committees comprised of only BOD members.	Executive, Finance/Audit, Nomination	Executive, Finance/Audit, Nomination
Board Term of Office	The term of service for which BOD member may be elected, appointed, or serving based on position.	Rotating, staggered, 2 to3 years. Allows reappointment to max. 6 years	Rotating, staggered, 2 to3 years
Program Management	Who directs program deliverry?	Staff	Staff
Regional Representation	Board based membership based on positions related to geographic regions.	No	Regional representatives nominated by region through succession or appointment.
Members Elect…..	Those positions elected by vote of the membership.	Board	Board and officers
Cost of Governance	A cost ratio of governance cost as a percentage of total revenue.	Lower due to reduced Board size	Lower due to reduced Board size
Continuity of Association Leadership	Staggering of terms and appointments to insure sustained function of the board and ongoing commitment to the strategic plan.	Succession for presidential triad, staggered terms for BOD members .	Succession for presidential triad, staggered terms for VP's, other elected BOD members.
Future Direction of Organization	Who sets direction for the organization?	President and CEO	President and CEO

10.7 Figure 7-1: Comparison of Non Profit Governance Models with Current APPA Structure

		Base Option	Option "A"	Option "B"
		Current APPA Governance	**Competency Based Board**	**Hybrid/Matrix Board**
		Current structure is maintained with recent changes to committee structure and program assignment.	BOD moves from geographic representative model to competancy based selection focusing on current strategic initiatives and required expertise.	Geographic representation is retained but reduced in number. At-large and technologic representation is increased to bring a wider perspective and specialized expertise to setting strategic directions.
Feature	**Description**	**Comparison of Attributes**		
Board Size	Number of actual Board of Directors members.	23	9 to 12	12 to 22
Board Composition	The make-up of the BOD and the basis for a position on the Board.	A combination of elected members and regional representatives.	Board members selected based on knowledge, experience, and expertise .	A combination based on Knowledge/Experience/Posiition with a portion of elected members and appointees.
Board Role	The primary function and responsibilities of the BOD itself.	Primarily operational.	Strategic	Strategic
Board Meeting Frequency	Includes both face-to-face and teleconferenced meetings.	2 to 8 Two are face-to-face.	4 to 8 Three to four are face-to-face.	4 to 8 Three to four are face-to-face.
Executive Committee	Smaller group meeting more frequently to set agendas and make minor decisions that are time sensitive.	Yes, 10 members	Yes, maximum 4 to 6 members	Yes
Title for Chief Paid Executive	Job title for the non-volunteer chief paid executive.	Executive Vice President	President or CEO	President or CEO
Board Nomination/Selection Process	How positions are filled and candidates identified.	Past President and Senior regional representatives act as nominating committee for member vote.	By Board nomination of a slate of candidates for member vote.	Nominating Comm. is combination of elected and nominated positions. Slate voted on by members.
External Directors	BOD members that may not be APPA members and bring external perspectives to the board. Promotes	Discretionary At Large members only (max 2)	Yes	Yes
Board Committees	Governance committees comprised of only BOD members.	Executive, Finance, Nominations, By-Laws	Executive, Finance/Audit, Nomination	Executive, Finance/Audit, Nomination
Board Term of Office	The term of service for which BOD member may be elected, appointed, or serving based on position.	3 years for elected members. 2 years for regional reps and others.	Rotating, staggered, 2 to3 years. Allows reappointment to max. 6 years.	Rotating, staggered, 2 to3 years
Regional Representation	Board based membership based on positions related to geographic regions.	Junior and senior representatives for each of 6 regions including the vice chair. Represented on theExec. Comm by the regional chair and vice chair.	No	Regional representatives nominated by region through succession or appointment.

Members Elect…..	Those positions elected by vote of the membership.	Presidents, VP's	Board	Board and officers
Cost of Governance	A cost ratio of governance cost as a percentage of total revenue.	11%	Lower due to reduced Board size	Lower due to reduced Board size
Continuity of Association Leadership	Staggering of terms and appointments to insure sustained function of the board and ongoing commitment to the strategic plan.	Succession for presidential triad, staggered terms for VP's, succession of regional representatives.	Succession for presidential triad, staggered terms for BOD members .	Succession for presidential triad, staggered terms for VP's, other elected BOD members.
Future Direction of Org.	Who sets direction for the organization?	President and EVP	President and CEO	President and CEO

10.8 Figure 7-2: Comparison of Basic Board Responsibilities for Governance Models
(continued on subsequent page)

APPA Governance Task Force Study

Color Key

🟩	Meets Basic Responsibilities
🟨	Partially Meets Basic Responsibilities
🟦	Does Not Meet Basic Responsibilities

Comparison of Basic Board Responsibilities for Governance Models

		Current APPA Board	Competency Based	Hybrid/Matrix
		Current structure is maintained with recent changes to committee structure and program assignment.	BOD moves from geographic representative model to competency based selection focusing on current strategic initiatives and required expertise.	Geographic representation is retained but reduced in number. Competency-based representation is increased to bring a wider perspective and specialized expertise to setting strategic directions.

Comparison Criteria

Basic Responsibilities	Description	Alignment Comparison Against Criteria		
Determine Mission and Purposes	Board creates mission, vision, and values for the organization.	🟦 Strategic plan development primarily by CEO and Presidents. Board members provide comments and feedback. Adoption of Plan by Board vote.	🟩 BOD is heavily involved in updating the mission statement and is developing downstream changes needed to implement the mission.	🟨 BOD includes non- competency based members that may not have prior board or governance experience.
Select the Chief Executive	Final selection of candidates is by BOD vote.	🟩 BOD will vote on candidate recommended by recruiting committee.	🟩 BOD will vote on candidate recommended by recruiting committee.	🟩 BOD will vote on candidate recommended by recruiting committee.
Support and Evaluate the Chief Executive	Regular evaluations of CEO performance by Presidents based on strategic and programmatic goals set by the board. Performance reported to BOD.	🟦 Conducted by Presidents. Recent involvement of Executive Comm and feedback to Presidents. Only general reporting to BOD.	🟨 Greater focus on evaluation of Executive performance. More input by entire BOD.	🟨 Greater focus on evaluation of Executive performance. More input by entire BOD.
Ensure Effective Planning	Both strategic and operational planning takes place at appropriate frequency and provides a clear path of directions, programs, and priorities.	🟨 Dependent on initiatives by VP's and by President.	🟩 Based in knowledge of qualified staff. Improved by competency baed BOD members.	🟩 Based in knowledge of qualified staff. Improved by competency baed BOD members.
Monitor and Strengthen Program and Services	Methods are inplace to gauge the strength of programs and services to ensure that goals are being met or to determine remedies.	🟦 Volunteer managed programs. Competing priorities.	🟨 Staff managed programs. Clear lines of responsibility. Higher level of expertise from BOD. Strategic focus by BOD.	🟨 Staff managed programs. Clear lines of responsibility. Higher level of expertise from BOD. Strategic focus by BOD.
Ensure Adequate Financial Resources - Budgeting	Budgeting and financial resources to support initiatives and on-going programs. Resources are aligned with strategic goals.	🟨 Inconsistent use of the BPR for funding requests. Dependent on leadership. Overspending on governance.	🟩 Budget impact evaluated for all initiatives. BPR utilized. Cost of governance metric monitored and reported.	🟩 Budget impact evaluated for all initiatives. BPR utilized. Cost of governance metric monitored and reported.
Protect Assets and Provide Financial Oversight	Financial oversight and reporting supports decisions. Monitoring and evaluation provides feedback on performance and success. Risk management is in place and functional.	🟨 Highly dependent on the EVP due to the absence of the Treasurer position. Financial oversight good. Limited understanding and involvement by regional board members.	🟩 Dedicated Board officer for financial reporting. Treasurer position to provide financial reporting, strategic financial direction & planning.	🟩 Dedicated Board officer for financial reporting. Treasurer position to provide financial reporting, strategic financial direction & planning.

Ensure Legal and Ethical integrity	Transparency and consultation insure that the BOD is acting appropriately.	Oversight by BOD.	Oversight by BOD.	Oversight by BOD.
Enhance the Organization's Public Standing	Member and peer feedback is sampled and evaluated to support adjustments in programs and services. Quality, credibility, and value are evaluated on a regular basis.	Effective and regular membership sampling through surveys	Feedback obtain through surveys & adjustment made to achieve results. Public recognition of BOD member expertise & competancy.	Feedback obtain through surveys & adjustment made to achieve results. Public recognition of BOD member expertise & competancy.
Performs Monitoring, Evaluation, and Assessment	The Board utilizes reporting and analytics to determine performance and to adjust directions to achieve success.	BOD tune up tool is not consistently utilized. Evaluation of actual BOD performance and progress against the plan not performed on a recurring basis.	Self evaluation of performance and progress on the strategic plan on a regular periodic basis.	Self evaluation of performance and progress on the strategic plan on a regular periodic basis.
Meets Other Responsibilities				
Ensures the Survival and Sustainability of the Organization	The periodic evaluation of programs, services and strategic initiatives ensures that the organization remains viable for the long term.	Rotating terms and frequent changes in priorities impacts continuity.	Longer terms, a focus on strategic goals, and better planning enhances survival and continuity.	Longer terms, a focus on strategic goals, and better planning enhances survival and continuity.
Ensures the Relevancy of the Organization's Services and Products	The periodic evaluation of programs and services ensures that they remain relevant to the membership, the industry, and the community.	Sampling and surveys has resulted in changes to programs to improve and match needs.	BOD oversight provides higher quality programs and high relevancy. Metrics from surveys used to monitor success.	BOD oversight provides higher quality programs and high relevancy. Metrics from surveys used to monitor success.
Engages the Community that the Organization Serves	Regular feedback from the community supports programs that continue to engage members and community partners	Periodic member surveys.	Periodic member surveys, BOD expertise, and member focus groups provide feedback. Metrics for member trends.	Periodic member surveys, BOD expertise, and member focus groups provide feedback. Metrics for member trends. Regional input.
Demonstrates Transparency, Accountability, and Effective Communication	Communication, reporting, and BOD agendas support effective accountability.	BOD may not be fully engaged and prepared for leadership role.	Better focus on BOD responsibilities & the expertise to contribute to strategic directions. More effective communication.	Better focus on BOD responsibilities & the expertise to contribute to strategic directions. More effective communication.
Provides Cost Effective Governance	The cost of governance is evaluated periodically, controlled, and provides benefits exceeding the investment.	High cost due to size. Limits opportunities for face to face meetings.	Smaller Board. Improved monitoring of cost and more aggressive controls.	Smaller Board. Improved monitoring of cost and more aggressive controls.
Enhances Nimble Response by BOD to Unanticipated Changes	In a rapidly changing environment, identification of unanticipdated changes and timely response by the BOD is necessary to mitigate potential risk.	Primary BOD focus on operations. Less focus on planning and anticipation of impending forces.	BOD members better positioned to monitor forces, potential impacts, and make changes in direction.	BOD members better positioned to monitor forces, potential impacts, and make changes in direction.
Evaluates Committee Duties, Performance, and Alignment with the strategic Plan	Allows for the evaluation of committee duties and performance as well as alignment with the stratgic plan. Ensures focus on strategic issues.	Emphasis on operational issues and programs. Limited evaluation and adjustment to programs.	Reduced size of Executive Committee and Board allows more focus on relevance, performance and progress.	Reduced size of Executive Committee and Board allows more focus on relevance, performance and progress.
Meets Strategic Responsibilities				
Board is Focused on Strategic Planning and Direction	The BOD is focused on development and deployment of strategic directions and initiatives. Monitoring and measurement of progress, performance, and success is stressed. Operational issues and processes are directed to others.	Now primarily operational orientation of Board.	Strategic focus of BOD and expertise of members. Better metrics for monitoring and evaluation.	Strategic focus of BOD and expertise of members.Better metrics for monitoring and evaluation.
Board Members Bring Strategic Knowledge and Experience	Board membership is determined by the needs of the strategic plan and the skills and expertise necessary to develop and carry out the plan.	Board membership not based on qualifications or competency.	Full Board selection based on competency, experience, and skill levels.	Partial Board selection based on competency, experience, and skill levels.
Board Members Bring an Industry/International Perspective	Board membership is determined by the skills and experiences that provide a wider perspective.	Board members are from within the facilities world and may not have wider perspective.	BOD member selection based on industry perspectives. Expertise of BOD members provides strategic experience.	Partial BOD member selection based on industry perspectives. Expertise of BOD members provides strategic experience.