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Strategic Thinking Boards: The Four Necessary Ingredients for Success

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Strategic Thinking Boards: The Four Necessary Ingredients for Success

As leaders in our respective organizations, we are often entrusted with the formidable task of steering our Board of Directors (BOD) towards more strategic thought and action. Drawing from my experience in association leadership, here are the pivotal elements that you can use to guide your BOD to think and act more strategically.

1) Operational Excellence: The Bedrock of Success

Operational excellence serves as the bedrock for strategic discussions. Before delving into strategic matters, it is essential to ascertain that the association is operationally sound. At IIANC, we utilize a modified organizational health survey inspired by Patrick Lencioni's "The Advantage." The custom adjustments are designed to address the unique dynamics of a trade association.

Once the BOD recognizes an appropriate level of operational excellence, they are more likely to be comfortable with advancing to discussions that are more strategic in nature. Similar to Maslow's Hierarchy, where basic needs like food and safety must be met before higher-order thinking can occur, operational excellence lays the foundation for an organization to think and act strategically. An organization cannot contemplate industry transformation if it's preoccupied with the basics, like competently sending out dues invoices.

2) Setting Expectations: The Importance of Board Orientation

Expectations shape outcomes. A thorough Board orientation sets the stage for the kind of engagement you want from your Directors. This orientation should explicitly emphasize the need for the BOD to engage in strategic rather than operational or tactical discussions. By candidly discussing the natural tendency for Boards to fall back to discussing things at operational and tactical levels (that is SO MUCH easier!), you can generally succeed in keeping things more strategic.

Setting an expectation for strategic and innovative discussion can lead to a new level of creativity and spontaneity among the BOD.

3) Crafting the Agenda: A Collaborative Effort with the Board Chair

A meticulously crafted agenda can act as a subtle yet effective guide for keeping discussions strategic. Collaboration with the Board chair in shaping the meeting's agenda ensures that the topics of discussion are aligned with the association's strategic goals.

The use of a Consent Agenda, combined with providing all meeting materials to the BOD well in advance of the meeting will serve as an effective means of communicating many of the necessary pieces of business information that the BOD should be updated on.

By including this type of information in writing, and well in advance of the meeting, the BOD is less likely to have drawn out conversation over relatively mundane items. Unless the items contained in the Consent Agenda are asked to be removed for discussion, then they are not a topic of discussion at the meeting and all of those items are approved by the BOD as a package.

4) Financial Policy and Reserves: The Backbone of Strategic Initiatives

A clear financial policy underpins an organization's ability to innovate and invest strategically. Many associations sit on significant amounts of cash, yet they fail to innovate or evolve their value proposition, while continuing to lose relevance with its members.

Financially sound organizations should designate a reasonable portion of its reserves as a "contingency fund". The contingency fund should be adequate to provide for reasonable scenarios that could cause the organization to experience a significant loss in revenue or an increase in expenses. A thorough examination of the association's operations and risk factors should be conducted in order to determine the right amount.

The balance of the association's reserves should be set aside and labeled as "strategic reserves," earmarked for new initiatives that align with the organization's strategic goals. In the association world, our reserve funds are too often treated like a safety blanket to be clutched and treasured. Instead, we should think and act more like the private sector, and we should view our reserves as undeployed capital that we can use to better our associations (by strengthening the value that we provide our members!)

In summary, by focusing on operational excellence, setting clear expectations, crafting the agenda collaboratively, and having a financial policy that supports innovation, we pave the way for our Board of Directors to engage in more strategic thinking and actions.

Best regards,

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