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BUILDING A BUDGET THAT WORKS



Even as a CPA, I used to think a budget was just a best estimate of where an organization might end up at year-end. I now know that a budget is a critical tool in planning, spending and holding everyone with organizational influence accountable. The budget should start as a roadmap and ultimately serve as a building block for the current operation and future growth of an organization.

Planning for future growth is a continuous process of allocating financial resources to meet strategic goals and objectives. At the end of the day, this planning results in the formation of a budget.

Quick tips for structuring a budget:

- Be cautiously optimistic: Every organization aspires to grow and put initiatives in place to increase revenues year over year, however budgeted increases should also be reasonably attainable rather than the best case scenario with unrealistic expectations. Increases must be supported by a realistic business plan.
- Build in release valves: There needs to be room for movement if budgeted revenues for new or significantly increased programs are not trending as estimated. If the budget is fluid, there should be related program expenses or unrelated costs which were budgeted that could be deferred to a subsequent year or eliminated.
- Include all stakeholders: All those responsible for specific areas of the budget should be included in the creation and should be held accountable for actual results compared to the budget. It's likely that every budget has several different contributors and responsible parties who each have unique insight into the budgeting process.
- Always budget to increase reserves: No organization should ever budget a net loss, unless there is a specific initiative or investment for which the board has planned. Although many organizations exist to benefit society or its members, it will cease to exist without consistent increases in reserves year over year.

Betsy Smith

Betsy Smith, CPA, MST
Vice President of Finance

association **acumen** **10**
Years!



*E-Posters at the Mucosal
Immunology Course & Symposium,
Toronto, Canada*



*National Vehicle Leasing Association
Summer Board Meeting, Atlantic City,
New Jersey*



*Women in Ophthalmology Apply Practice
Brain Based Strategies to Reduce Stress*

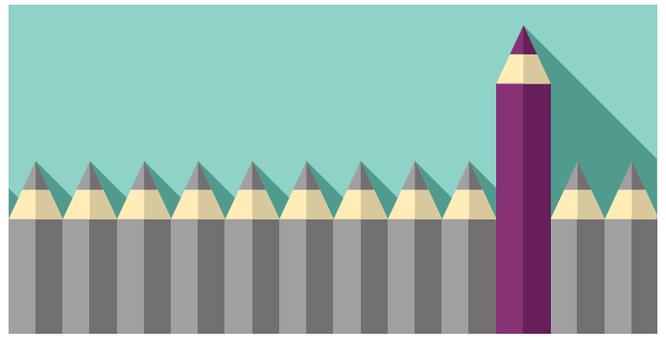
LEADERSHIP LESSONS, PART 1:

By John Dmochowsky, CAFM
Past President, Automotive Fleet & Leasing Association (AFLA)



John Dmochowsky is Senior Manager of Global Fleet Management for Mondelēz International and is responsible for its fleet of 8,500 vehicles.

For more information about AFLA, please visit www.afla.org.



Q: Why did you decide to become involved in the leadership of your association?

A: When I attended my first AFLA conference, I was intrigued by the community of fleet professionals and the attention shown to me as a first time attendee. As I became more engaged with the organization and started showing my entrepreneurial spirit, one of the past presidents tapped me to run for a leadership position. I had the opportunity to become involved and feel very blessed to work with such leaders.

Q: What is the biggest success you're most proud of regarding your board service?

A: I have many fond memories of my relationships with the past presidents. They are a leadership group I'm proud to be a part of on both a personal and business development basis. I also have had the opportunity to watch the membership grow, by putting a good product out there for corporate fleet managers like our annual conference when I was chairman of the Program Committee. I was part of our Leadership Pipeline presentation in Las Vegas where I shared the message of AFLA to grow a new generation of leaders. The recently elected board members are great and I'm confident and optimistic about the organization's future. I'd also like to thank the fine people at Association Acumen for making it all possible. They are a solid partner!

Q: What is the most important trait a leader should possess and why?

A: The leader should be able to listen and put himself or herself into the other person's shoes. Secondly, patience is very important.

Q: Describe your average work day.

A: I start early with a conference call in Europe and end it at home in the evening with a 9:00 pm call to Asia Pacific. By 11:00 am, I have had three calls to Europe, Mexico and Canada dealing with ways to decrease costs and improve efficiencies. If you enjoy what you do, you can manage a twelve to thirteen hour window. I enjoy getting involved with regional challenges faced in Europe vs. those faced in Latin America. I'm intrigued by the cultural differences but learned there are more similarities than differences. Continuous learning inspires me to wake up the next morning and start over again. I do take time out to exercise and get the proper nutrition so I have more energy and the passion can continue.



AFLA Summer Board Meeting, Milwaukee, Wisconsin



ACUMEN ONLINE LEADERSHIP SEMINAR SERIES DEBUTS JANUARY 2017

Association Acumen will present the first in a series of online leadership webinars on January 10, 2017. This new board development tool will focus on topics pertinent to all leaders and future leaders. The January session entitled, "Duties and Responsibilities of a Board," will cover fiduciary and legal responsibilities, insurance requirements, ethics, strategic planning and management staff oversight.

The complimentary webinar will be presented by Bill Elliott, CAE, Executive Director of the Automotive Fleet & Leasing

Association and the International Association of Special Investigation Units. More information to come. Mark your calendars!



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ONLINE LEADERSHIP SEMINAR

CHAPTER RELATIONSHIPS AND APPARENT AUTHORITY



By Mike Mathy and Lori Rathje, CAE

The relationship between a national association and its chapters can take a variety of different forms.

Separate Entities: In this scenario, the national office encourages the establishment of chapters, who set up and incorporate separately. They are able to act on a limited basis, have their own boards of directors, management and activities, maintain separate bank account rights and file their own taxes.

One Entity: When the national association and its chapters are the same incorporated entity, different components are merely different office locations. The financial statements and tax returns report all of the offices' income and expenses as one entity. The different offices follow the same procedures as the national office by running transactions through national, utilizing the same chart of accounts and segregation of duties, check-writing, recording and filing procedures.



A common problem facing national associations operating in this fashion is that chapters often adopt a financial and legal hybrid structure of both autonomy and dependence. This system enables chapters to act independently, but relinquishes financial and administrative control of the chapters, putting the national organization at financial and legal risk. As a result, the American Society of Association Executives (ASAE) recommends each association chapter be separately incorporated, but incorporation should not be mandated by the national association. ASAE suggests the following:

- Encourage the national association to define its desired relationship with its chapters
- Provide support and counsel to chapters that wish to separately incorporate
- Minimize the national association's liability by establishing clear affiliation agreements with chapters operating under the national organization's umbrella

WHAT'S YOUR EMOTIONAL INTELLIGENCE QUOTIENT (EI) AND WHY DOES IT MATTER?

Did you know that Emotional intelligence (EI) is a better predictor of success than intelligence quotient (IQ) and expertise? Daniel Goleman, renowned author and psychologist, analyzed jobs at 121 organizations and found 67 percent of the 181 competencies that distinguish best performers are EI competencies. Emotional intelligence is the capacity of individuals to recognize their own and other people's emotions and to use emotional information to guide thinking and behavior. Identifying aptitudes for the leadership competencies of self-awareness, self-management, social awareness and relationship management can help identify individuals with high EI poised for success.



These questions assess empathy, humility, and willingness to take responsibility:

- Tell me about someone you work with on a regular basis you find difficult to get along with. What have you done to build a stronger relationship?
- Tell me about a time when you rejected one of your team member's ideas or opinions about a project.
- Describe a time when someone felt you were unfair.
- How do you know we will be a culture fit for you? What traits of yours match those of current employees?

Focus on answers suggesting avoidance of issues and watch for body language clues that tell a different story than the verbal one.

Did You Know...

there are 700+ association management companies worldwide managing over 5,000 associations with total budgets exceeding \$3.4 billion? Only 15% are accredited.

WHAT'S NEW & WHO'S WHO

The American Society of Association Executives' (ASAE) Symposium for Chief Executive and Chief Elected Officers gives staff and volunteer leaders the chance to explore priorities for the year and determine how best to work together. Other benefits include gaining insights into making knowledge-based decisions, creating a culture of trust and sustaining a nimble infrastructure. Lori Rathje, CAE, Executive Director of the Society for Mucosal Immunology (SMI), attended the two-day symposium with President, Allan Mowat, MD, PhD. Bill Elliott, CAE, Executive Director of the Automotive Fleet & Leasing Association, attended the symposium with Vice President Mary Sticha.



Lori Rathje, CAE, with Allan Mowat, MD, PhD

"Attending the CEO Symposium has allowed me to develop a close relationship with my leaders, giving us time to brainstorm one-on-one and understand each other's goals and vision for the association," Elliott said. "The CEO Symposium allows elected association leaders to gather with their peers to understand where we have common challenges, where we are unique, and how to use best practices in governance to move the association forward. Attending the symposium early in the leader's tenure

is a huge advantage. It allows the elected leader and the executive to plan for their term and align strategies."

Rathje learned about Strategic Program Analysis and participated in an assessment exercise with Dr. Mowat, designed to analyze organizational programs in three dimensions: program attractiveness, competitive position and alternative coverage.

Leadership Acumen is published by Association Acumen, LLC, three times per year to bolster leader development and support organizational evolution. Association Acumen is an award-winning, accredited full service association management company that is intently focused on its clients and hard-wired to the latest trends and advances the industry offers. Acumen's goal is to work seamlessly with leaders to advance your mission.

Editor
Sandra M. Koehler, CAE
skoehler@associationacumen.com

N83 W13410 Leon Road
Menomonee Falls, WI 53051
ph 414-359-1676
www.associationacumen.com
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"This exercise was not only beneficial in identifying program strengths and weaknesses, it also provided an opportunity to create a strategy describing what should be done with the program in the future, which is invaluable," Rathje said. "It's more important to provide higher quality programs in a few areas than provide lower quality programs in many areas."

Elizabeth Schlicht, Membership and Marketing Manager for the Automotive Fleet & Leasing Association (AFLA) received the President's Award for bringing leadership and stability to the committees she serves and for going above and beyond to serve AFLA.



Past and Current Winners of the Annual Acumen Evolving Eagle Award (from left): **Bill Elliott, CAE**, **Leah Grunewald**, **Elizabeth Schlicht**. The award honors those who have grown the most professionally and have consistently demonstrated excellence above and beyond expectations.



Gail Bast, MBA, CAE, Acumen's President (right) presents award to **Sandra Koehler, CAE** for completing five years of guiding organizational evolution at Association Acumen.



COMING IN THE NEXT ISSUE

- Leadership Lessons from John Dmochowsky, Part 2
- Tips for Strategy Setting
- Acumen Online Webinar Leadership Highlights
- Why Associations Must Understand UBIT (Unrelated Business Income Tax)
- Meeting Highlights, Awards and MORE!



Let us know how we're doing! Please click here to complete a brief survey. Thank you for your help!