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Best Practices in Leadership

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What is my Motivation?

The answer to this simple question can shape an individual's level of self-awareness in volunteering.

- A personal desire to contribute to the whole
- A personal desire to enhance my profession
- A personal desire to expand my profession
- A personal desire to make a difference
- A personal desire to lead to change
- A personal desire to be a part of something
- A personal desire to shake things up
- Encouragement from colleague to get involved

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Orientation



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Orientation

- Organization
- Clarity of Purpose & Scope
- Expectations and Planning



- Efficient Deliberation
- Adoption/Adaptation
- Execution, Direction & Maintenance
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Loyalty & Care

- “Loyalty” (for the purposes of volunteer leadership within an Association) might be distilled down to the following:
 - The leader understands that he or she is serving to the benefit of the association/board/committee/task force process and not to his or her own business interests. This includes concepts like maintaining confidences and disclosing conflicts.
- “Care” (for the purposes of volunteer leadership within an Association) might be distilled down to the following:
 - The leader understands that he or she must be informed and exercise reasonable care, as well as independent judgment, in the service to the association/etc . This includes utilizing the professional resources at his or her disposal, i.e. legal analysis, financial analysis, other unique professional concentrations.
 - The Leader is not expected to be an expert. However, in the leadership role, they are expected to ask questions when information is either lacking or complex.



Duty of Care for Non-Profit Directors

- Both a subjective and an objective test:
 - Objective because “person in like position” suggests a director should have a minimum degree of prudence or competence;
 - Subjective because the director’s own background or experience may result in him or her being held to a higher standard.

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Duty of Care for Non-Profit Directors

- Thankfully, the courts focus on the decision-making process, rather than the decision itself;
- Volunteer Directors should be encouraged to make informed decisions and to follow a deliberative process.

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Duty of Care for Non-Profit Directors

- How to comply with the duty of care:
 - Knowledge: basic familiarity with business, finance and accounting of the association; familiarity with association's environment.



Duty of Care for Non-Profit Directors

- How to comply with the duty of care
 - Commitment: put in the time and effort necessary to make an informed decision:
 - Attend all meetings
 - Prepare for the meetings
 - Be attentive and active participant in board meetings
 - Exercise independent judgment – difference between deference and compromise;
 - Delegate to professionals (e.g., accountants, attorneys) – where you have concerns, ask for recommendations/analysis;
 - Rely on Staff but work through the CEO – make policy and give direction; allow the CEO to implement the policy.
 - Distinction between Micro-managing and duty of care.



Duty of Care for Non-Profit Directors

- How to comply with the duty of care
 - Adequate information: Director must make sure she has the necessary information to make informed decisions.
 - Board Packet
 - Agenda Adherence
 - Examine the information provided critically but with confidence.
 - Voice Concerns.

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Duty of Care for Non-Profit Directors

- How to comply with the duty of care
 - Duty to inquire: director must request more information if the materials previously provided raise issues or highlight problems;
 - Directors cannot passively await signs of problems or red flags.

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Duty of Care for Non-Profit Directors

- How to comply with the duty of care
 - Business Judgment Rule:
 - Directors are deemed to have met the duty of care, even if they made the wrong decision, as long as the decision was arrived at in an appropriate way.

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Duty of Care for Non-Profit Directors

- Business Judgment Rule
 - Rule may not apply if:
 - Director does not have adequate knowledge, commitment of information;
 - Director or board failed to consider a particular matter;
 - Issue presents conflict of interest.

Duty of Care for Non-Profit Directors

- Business Judgment Rule
 - 3 prerequisites
 - Director must make decision in good faith;
 - Decision-making process must be informed;
 - Director or board must rationally believe decision is in best interest of the corporation.

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Duty of Care for Non-Profit Directors

- Other subsets of the duty of care include:
 - Duty of good faith
 - Duty to obey the law
 - Don't Break the Law!

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Duty of Loyalty

- Duty of loyalty requires a director to act in the best interests of the corporation, rather than his or her own interests.
- A director should not use the corporate position for personal profit or gain or for other personal or non-corporate advantage.

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Duty of Loyalty

- Basic idea is that director owes duty of fair dealing .
- State of the law seems to be that director can reap personal gain (generally through esteem), as long as he puts the interests of the corporation first and transparency exists;
- Disclose, Disclose, Disclose: Disclosure is Far better than Discovery.

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Duty of Loyalty

- 2 basic ideas:
 - Directors engaged in transactions with the corporation– conflicts of interest.
 - Directors taking benefits or advantages that belong to the corporation (e.g. using insider information to take away a business deal from the corporation or to procure a business deal for a third party) .

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Duty of Loyalty

- Example of conflict of interest
 - Ownership in a company that is contracting with the association.
 - Family ownership in a company that is receiving a financial benefit from the association.
 - Conflict of Interest Policy Distributed

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FIDUCIARIES

Duty to the association.

- Why the emphasis on fiduciary relationships?

Failure of duty of care: **personal liability** for negligence or gross negligence.

TRANSPARENCY IS YOUR BEST DEFENSE

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Practical Matters

Sexual Harassment/Gender Discrimination

1. Per NAR, this is the fastest growing area of litigation for real estate associations.
2. Expressly prohibited by the Association Personnel Policy;
 1. Association has employees; not independent contractors;
3. Most prone at social events involving alcohol;
4. General Rule as timelessly articulated by Greg McClelland: “No Hugging below the Waist!”
5. Focus on your words and actions and recognize that words and actions can make another person feel very uncomfortable.
 1. Sexual Humor, Sexual Stories, Sexual Advances.
 2. Self Policing before The Real Police.



Enjoy the Process!

- A great Board of Directors fosters:
 - Purpose;
 - Leadership;
 - Debate;
 - Compromise;
 - Intellectual Curiosity;
 - Accomplishment;
 - Meaningful Relationships that last beyond the term.

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Beyond the Board

- Volunteer Leadership serves an extremely important role - fostering an environment for an actively engaged membership.
- Recruiting/inspiring new leaders;
 - Leadership Academies
 - Leadership retreats
- The viability of an association is in the willingness for members to give of their time and talent.
- A stagnant board that doesn't bring in new leaders will hit a wall - be the kind of board people want to serve on.

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