

## **The Role of the Financial Managers Society Board of Directors**

The Financial Managers Society Board of Directors is to play a leading, proactive role in making the most important decisions about the following issues:

- Where the organization is headed over the long-run (its values, vision, targets, and strategies for diversification and growth)
- What the organization is all about (its mission, current programs, facilities, organizational structure, annual operating plan and budget, and operational policies, as well as who the CEO is and what his or her priorities and targets are)
- How well the organization is doing (financially, programmatically)

The Board's role in making these decisions is by no means exclusive: no volunteer board would wish to make these fundamental decisions on its own. The knowledge, expertise, and procedural support of the CEO and staff are obviously essential to make full and timely decisions about such important and complex matters. However, the board's role and decision-making must be leading and proactive.

### **FMS Board of Directors' Governing Mission**

As the governing body of the Financial Managers Society, the Board of Directors is accountable for the following responsibilities:

- Appointing a qualified President and CEO, annually negotiating CEO performance targets through the Executive Committee, and formally evaluating CEO performance at least annually, again through the Executive Committee.
- Playing a leading, proactive role in determining the strategic framework that guides FMS' planning, operations, and growth: its values, its vision for the future, and its mission.
- Ensuring that FMS' values and visions are reflected in its plans.
- Ensuring that FMS is provided with the necessary human, financial, and other resources to carry out its mission and implement its operational plans effectively and efficiently.
- Playing a leading role in identifying and selecting the strategic issues that FMS should address—above and beyond its ongoing operations—and reviewing and improving the strategic initiatives that are fashioned to address those issues.
- Setting annual operational priorities, performance standards, and revenue and expense levels, and adopting the annual operating plan and budget.
- Monitoring the performance of FMS' business and reaching agreement with the CEO on needed corrective actions.
- Playing an active role in building and maintaining FMS' public image and its relationship with key stakeholders.

**In carry out its governing role, the FMS Board of Directors will take the following steps:**

- Ensure that the board consists of members who possess the attributes and qualifications required—and that its composition is diverse enough—to govern at a high level.
- Employ standing councils that carry out some of the detailed programmatic work of the board and that make all recommendations and reports to the full board.
- Work together as a cohesive leadership team, treating each other with respect and consideration.

**To perform these various functions on behalf of the Board, individual directors assume the following specific duties:**

- Serve as interpreters for the Society's goals and mission—to individual members, chapters, regional groups, the vendor community, and other professional societies and trade associations.
- Continuously monitor member needs by soliciting suggestions from members and non-members for increasing the effectiveness of the Society.
- Monitor the membership and encourage appropriate individuals to seek leadership roles within the Society—on the chapter, regional, and national levels.
- Monitor the membership and encourage appropriate individuals to develop and share their technical proficiencies and skills with the entire FMS membership in appropriate forums—council involvement, technical publications, conferences and workshops, chapter and regional activities, etc.
- Serve as liaison between the Society and other trade and professional organizations serving the financial services industry as appropriate, increasing awareness of the Society, fostering cooperative efforts between groups, etc.
- Serve as an advocate of the Society. Continuously "sell" the Society's mission, programs, and opportunities to members, non-members, the vendor community serving the FMS audience, other professional societies and trade associations, educational entities, the trade press, etc.

If involved with a chapter, board members should request time on chapter programs to update the membership on national activities and products and to encourage chapter member involvement.

When interacting with appropriate vendors, board members should address opportunities available to the vendor community through the FMS membership network, publishing vehicles, and meetings and conferences, including exhibit and sponsorship opportunities.

If aligned closely with a state or national trade group or professional society, board members should utilize that relationship, when appropriate, to initiate discussions and explore possible collaborative relationships with such groups, and serve as a liaison between FMS staff and trade or professional group representatives.

- Aid FMS staff in monthly membership retention initiatives...either through telephone campaigns or, at the very least, letter writing campaigns emanating from the board member utilizing his or her stationery.

## **Fiduciary and Legal Responsibilities**

In carrying out the functions of the Society, directors are subject to two primary obligations, the duty of care, and the duty of loyalty. Such duties are the common terms for the standards, which guide all actions a director takes. The standards are derived from a century of litigation principally involving business corporations, but are easily applicable to non-profit corporations.

### **The Duty of Care**

The duty of care calls upon a director to participate in the decision making of the board and to be informed as data relevant to such decision.

To function effectively, a director needs to be informed. In general, the board may rely on information supplied by the staff, but if for any reason any member of the board thinks that it is inadequate in any respect, he or she should not hesitate to request further information. In the ordinary course of business, a director may act with reliance on the information received from regular sources which the director reasonably regards as trustworthy.

Each director, no matter how selected, shares in all the responsibilities and powers of the directors. However, each director should exercise his or her independent judgment on all corporate decisions. A director may oppose board actions he or she does not agree with, but should be certain such opposition is in the written minutes.

Even when a corporate action has proven to be unwise or unsuccessful a director will be protected from liability arising there from if he or she acted in good faith and in a manner reasonably believed to be in the corporation's best interest, and with independent and informed judgment.

### **The Duty of Loyalty**

The duty of loyalty requires directors to exercise their powers in the interest of the corporation, not in their own interest or the interest of another entity or person. A director should be sensitive to any interest he or she may have in decisions to be made by the board of directors and, as far as possible recognize such interest prior to the discussion or presentation of the matter before the board.

A director should not, in the regular course of business, disclose information about the corporation's legitimate activities unless they are already known by the public or are of public record.

In carrying out the duties of care and loyalty, board members can protect themselves from liability by insuring that they:

- Exercise reasonable diligence and care with the affairs of the society.
- Act in good faith in your "business judgment."
- Attend all board meetings—or show a valid reason for absence.
- Be thoroughly acquainted with the FMS bylaws and articles of incorporation.
- Keep well informed of Society programmatic activities.
- Discourage transactions between the Society and directors unless conducted entirely openly and with stringent safeguards.
- Make no monetary profit unless expressly provided in reimbursement within the bylaws.

The Society maintains a D&O liability insurance policy. It covers and protects board members against suits brought because of any alleged error, omission, misstatement, breach of duty or other related wrongful acts. A limit of the liability coverage is \$1 million dollars maximum aggregate of liability for all claims made during a policy year.

## **Directors' Rights**

As a corollary to the previous described responsibilities, the director has rights appropriate to the discharge of those obligations:

- Management access. Within the bounds of reason, board members should feel free to contact the chief executive or senior staff at anytime.
- Books and records. A director has the right to inspect, for reasonable purposes and at reasonable intervals, the corporation's books and records and to be provided with requests and data derived there from.
- Notice. All directors should be given ample notice of all meetings.
- Minutes. All directors should be given a copy of minutes of all meetings of the full board and any Executive Committee meetings.

## **Board Schedule and Reimbursement Policies**

The FMS Board generally meets four times a year...twice via conference calls of approximately one to one and a half hours in the months of March and September, once on the June Saturday immediately prior to the annual Finance and Accounting Forum at the location of the Forum, and one each November in downtown Chicago...generally on the Friday night and Saturday immediately before Thanksgiving.

Board members receive a waiver of one half of the registration fees for the Annual Financial and Accounting Forum. All other expenses at the meeting are their own responsibility. Board members also receive up to a \$500.00 reimbursement for their attendance at the November Board meeting in Chicago. Any expenses above \$500.00 are their own responsibility. Our November meeting includes a group dinner on Friday night, with the meeting on Saturday...ending no later than 3:00 P.M.

Executive Committee members are reimbursed for all of their expenses at the annual Finance and Accounting Forum, the November Board meeting, and for an annual Executive Committee meeting in Chicago in October.

