



# HeadQuarters REPORT

CHARTER  
ACCREDITED ASSOCIATION MANAGEMENT COMPANY

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## Your Board, Your Rights, Your Insurance

When serving on the Board of Directors for a professional organization, it is important to know if the association and its leadership are covered under a Directors and Officers Insurance policy.

Association Resources encourages its client associations to invest in Directors and Officers Insurance, which is a type of liability policy that serves as an important safeguard for the organization and those who participate on their Board of Directors, volunteer on their committees or work in their office.

“While these types of lawsuits are extremely rare, we live in such a litigious society,” says Association Resources executive vice-president M. Suzanne C. Berry. “It’s common sense to have the coverage you need to diminish the potential financial strain of a lawsuit that could be brought against the association, specifically its leadership.”

Generally, liability claims are brought against an association as a whole, and not against specific people. Those who file a claim are simply seeking financial compensation for personal losses stemming from association activities or decisions. Although the bulk of these claims go directly to the association, there is the chance that an organization’s leadership and staff could be named for their part in the organization’s activities.

*Association Management* magazine<sup>3</sup> recently ran a theoretical example of a D&O claim:

*The mythical National Association of Hubcap Customizers operates a certification program that is accepted as the industry standard. The Kansas City Alliance of Car Customizers (with no legal tie to the NAHC) provides NAHC skills assessment exams to its members and encourages them to pursue NAHC certification.*

*But auto shop owner Joe Spiner fails to pass the test and is denied certification. He sues on the grounds that his business and reputation have been damaged. His lawyer sues KCACC and (suspecting that a national organization would have deeper pockets) NAHC as well. If KCACC isn’t covered properly or doesn’t even have D&O coverage, NAHC could experience a significant loss given the unpredictable nature of civil juries – not to mention the cost to defend.*

These types of personal liability claims are indeed rare, but they still occur and if the individual is



ruled liable, it can create damaging results. Most of these claims tend to focus around personal character attacks such as slander and libel, or basic negligence and contract disputes. Other types of claims are filed for wrongful termination or

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### Association Resources Renews ASAE Accreditation

Association Resources recently renewed the coveted Charter Accredited Association Management Company certification from the American Society of Association Executives. The program assists the association community by identifying the standards and criteria that are indicative of quality association management service providers.

Association Resources underwent a stringent application process to first secure this prestigious accreditation in April 2001.

# Around the World in 80 Nanoseconds

In 1873, French writer Jules Verne penned the classic novel *Around the World in 80 Days*, where he dreamed of circling the globe in what was then a virtually impossible amount of time. Here in 2005, 132 years later, famed billionaire Steve Fossett completed the same journey that Verne wrote of, circling the globe in *only three days*.

Fossett's landmark journey is a metaphor for showcasing the way the world has continued to shrink thanks to technology. Advances in the past ten years alone have yielded landmark innovations that have helped the medical, military and, most importantly, the business community find faster, more efficient ways of communicating and interacting. The world has officially become an on-demand society where information is transferred at blistering rates between organizations and clients.

International associations have benefited greatly from the advancements in business technology. The mantra of successful business communications is ensuring the right people having the right information at the right time in the right location. The use of electronic communications such as e-mail and the Internet have revolutionized the way international boards of directors share information, making it faster and safer to access sensitive documents and other important information.

The exponential development of telecommunications has provided instantaneous means to exchange data among boards. The advent of the Internet itself has established our world as a global community, erasing barriers such as time zones, locations and even language.



In working with an international board of directors, it quickly becomes apparent that there is never a good time for entire boards to meet. With over 30 different time zones, assembling an entire board for a meeting is difficult if not impossible; therefore accommodations must be made in order to ensure that the exchange of information is done efficiently and accurately. By creating an effective and efficient data flow, boards can alleviate the pressure of scheduling and attending conference calls or flying around the world to meet with their respective boards.

With constituents in virtually every country, many of Association Resources' client boards have taken advantage of technology by developing a Virtual Board Room for client boards. The Virtual Board Room's password-protected area is housed on their Web sites and provides a secure location for board members to share or retrieve sensitive documents or other related materials. The Virtual Board Room has played an integral part in generating efficient communications among international boards and advance sharing of information with any board member at any time in any place in the world.

The amount of time that technology has saved global organizations is unimaginable. Sending an e-mail or logging into a Virtual Board

Room has also saved staff and boards substantial amounts of money. In the past, materials necessary for board meetings or review have taken weeks to receive due to development, printing and mailing. The time and money spent on printing and mailing has been significant. Now, when materials are devel-

oped, they can immediately be sent by e-mail or placed in the Virtual Board Room.

The Virtual Board Room is also an ideal location for an electronic board manual. These manuals provide navigable pages containing information on policies, procedures, rosters and other relevant information for all board members.

While the Virtual Board Room has reshaped the way many client boards conduct business, nothing can replace the effectiveness of a face-to-face board meeting. Boards that have embraced the technological advancement of the Virtual Board Room have continued to hold such face-to-face meetings, but have cut down on the frequency at which these meetings must be held, saving their organization a significant amount of time and money.

While it seems there are thousands of different software programs around the world, one type of document transcends formatting and compatibility issues: the Adobe PDF.

The Adobe PDF, or Portable Document Format, has provided a great service to international business. With thousands of different software types in use around the world, the PDF is the only truly universal program. A PDF file transcends formatting and

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## Association Resources Expands Mail Center

Although communicating electronically is at an all time high and continuing to expand at an exponential pace, the use of snail mail is as popular as ever for businesses and associations. Direct mail continues to be the number one method of marketing and as more and more people are becoming wary of spam or e-mails containing viruses, the safest way to share a message is through the mail.

All of Association Resources' clients use the postal service in some

capacity, whether it's to send out conference literature, ballots, newsletters, dues notices or any of the many other kinds of mail sent out daily. The need for the Association Resources mail center is as imperative as ever.

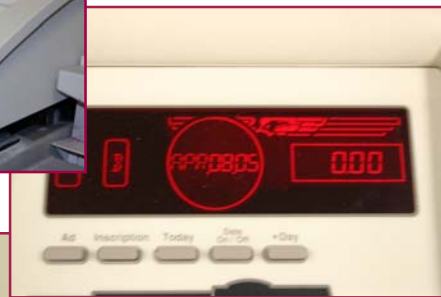
To further accommodate and improve the fulfillment of the high volume of mail that passes

through the mail center, Association Resources took advantage of a recently-vacated office in the building's lower level. The new mail center space is more than twice the size of the original location and provides the staff with more room to organize large mailings as well as easily-accessible storage for client letterhead, newsletters and other frequently used materials.

The new location also provides easier access to items in the company's storage room, which is perpendicular to the mail center and houses important items not

needed every day. These items include conference materials such as display booths, registration materials and booklets. With the mail center nearby, it is more convenient for the staff to access the items in the storage room and reduces the need to cart heavy materials up two floors and down a long hallway to prepare them to be shipped. The new location has also provided easier access for deliveries and pickups by shipping companies and vendors.

Association Resources continues to invest heavily in the mail center, keeping the software and equipment up to date to ensure that mail is sent out in a timely manner. The entire staff has received training from outside professionals on preparing pieces that can be processed effectively by both in-house and U.S. Postal Service machines, which has already improved the way outgoing items are prepared and packaged, resulting in significant cost reductions to clients.



## Digital Group Launches New Online Education Service

With hectic schedules and the demands of careers and family, the time allotted for educational pursuits has decreased. Since the Internet has become a resource for anything and everything, those needing education have turned to online institutions and programs for their professional development.

The Association Resources Digital Group recently launched the first 20 programs of their pilot online education program. The courses were created from sessions taken at a client's annual meeting late last year. The Digital Group turned the

audio, video and slides from these programs into an online education experience. Each online session features the complete transcript and presenters' slides synched with the session's audio and/or video.

To complete the package, the Digital Group developed the Medical Education Evaluator, which provides the test to the attendee online, immediately tabulating results and completing the process by producing a .pdf file of the course completion certificate. The certificate can be printed then or saved and printed later.

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even the misappropriation of charitable assets.

According to *Professional Practices in Association Management*<sup>1</sup> there are three general areas of possible personal liability:

1. Ultra vires acts are those where the individual is obviously acting beyond the scope of his or her authority.
2. Torts are those where the activities — other than breaches of contract — damage or injure others. If they intentionally cause injury or damage to persons or property, they can give rise to personal liability even though the activities were carried out on the behest of the association.
3. Criminal acts are those where there is participation in or conscious approval of activities that constitute serious violations of state or federal law.

Gauging whether there is a personal liability can be determined by examining if the individual acted in “good faith” on behalf of the organization or was simply carrying out his or her association activity in an ordinary fashion.

The litmus test for this determining if it was a “good faith” act is:

1. Did they knowingly approve association activities that are beyond the association’s appropriate sphere of authority?
2. Did they intentionally cause injury or damage to persons or property while in the course of association work?
3. Did they commit or facilitate acts while representing the association that violate antitrust provisions or other laws?<sup>1</sup>

Most claims that are filed against an organization or its leadership

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tend to be more focused on the organization itself. Violations such as antitrust and contract breach are generally at the hands of the organization. In order to ensure their protection, it is recommended by the *Association Law Handbook*<sup>2</sup> that association officers and directors should do the following:

1. Attend association meetings and read association publications and correspondence carefully to keep fully aware of all association policies and activities.
2. Review from time to time all association articles of incorporation, bylaws, and other governing documents.
3. Avoid completely any conflicts of interest in dealing with the association and disclosing fully any potential conflicts.
4. Insist that meeting minutes accurately reflect any comments or votes in opposition to matters acted on at meetings.
5. Request that a legal opinion be obtained on any matter that has unclear legal ramifications.
6. Obtain and carefully review both audited and unaudited periodic financial reports of the association.

In order to protect the livelihoods of all their volunteers and staff, organizations should invest in this liability insurance.

### References

1. Cox, J.B. (1997). *Professional Practices in Association Management*. Washington, DC: American Society of Association Executives.

2. Jacobs, J.A. (1996). *Association Law Handbook*. Washington, DC: American Society of Association Executives.
3. Goff, Dick. “What Do I Need To Know About D&O?” *Association Management* January 2005: 86-87.

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On the back end, the Medical Education Evaluator provides the faculty with real time course evaluation results. Once the exam period is completed, the application will produce a comprehensive evaluation report of the collected information.

The development of these two programs has provided Association Resources clients ideal opportunities for revenue generation through online education, while also saving clients a substantial amount of money on tabulation and breakdown of the courses’ evaluations.

## Around the World in 80 Nanoseconds

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compatibility issues, preserving the look and integrity of the original documents. Those with PDF authoring software can create bookmarks and make notes within the document to direct readers to specific points in the agenda. Opening a PDF file is quite easy and only requires downloading the free Acrobat program from the Adobe Web site.

With doing business simplified by technology, one can only imagine what other advances will be made to make communication among global boards even easier.

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